

**MINUTES OF THE MEETING OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND
SENATE COMMITTEE ON FINANCE
SUBCOMMITTEES ON PUBLIC SAFETY, NATURAL RESOURCES, AND
TRANSPORTATION**

**Eighty-Second Session
February 14, 2023**

The joint meeting of the Assembly Committee on Ways and Means and Senate Committee on Finance Subcommittees on Public Safety, Natural Resources, and Transportation was called to order by Chair Howard Watts at 8:03 a.m. on Tuesday, February 14, 2023, in Room 2135 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda [[Exhibit A](#)], the Attendance Roster [[Exhibit B](#)], and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/82nd2023.

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblyman Howard Watts, Chair
Assemblywoman Natha C. Anderson, Vice Chair
Assemblywoman Tracy Brown-May
Assemblywoman Jill Dickman
Assemblywoman Michelle Gorelow
Assemblyman Gregory T. Hafen II

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Dallas Harris, Chair
Senator Pete Goicoechea
Senator Rochelle T. Nguyen

SUBCOMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None



STAFF MEMBERS PRESENT:

Karen Hoppe, Assembly Principal Deputy Fiscal Analyst
Alex Haartz, Senate Principal Deputy Fiscal Analyst
Justin Luna, Program Analyst
Anna Freeman, Committee Secretary
Janet Osalvo, Committee Assistant

OTHERS PRESENT:

James A. Settelmeyer, Director, State Department of Conservation and Natural Resources
Kelly Williams, Chief Financial Officer, State Department of Conservation and Natural Resources
Dominique M. Etchegoyhen, Deputy Director, State Department of Conservation and Natural Resources
Greg Lovato, Administrator, Division of Environmental Protection, State Department of Conservation and Natural Resources
Jeffrey Kinder, Deputy Administrator, Division of Environmental Protection, State Department of Conservation and Natural Resources
Brandon Bishop, Program Manager, Conserve Nevada, State Department of Conservation and Natural Resources
Joe Hardy, Mayor, Boulder City, Nevada
Charles Donohue, Administrator and State Land Registrar, Division of State Lands, State Department of Conservation and Natural Resources
Julie W. Regan, Executive Director, Tahoe Regional Planning Agency
Christopher Keillor, Finance Director, Tahoe Regional Planning Agency
Carl Hasty, District Manager, Tahoe Transportation District

Chair Watts:

[Roll was called. Subcommittees' rules and protocols were explained.] A thorough overview of the Department of Conservation and Natural Resources budget was presented during the pre-session briefings. Please keep it brief today.

James A. Settelmeyer, Director, State Department of Conservation and Natural Resources:

The Department of Conservation and Natural Resources' mission is to protect, manage, and enhance Nevada's natural, cultural, and recreational resources [page 2, [Exhibit C](#)]. The divisions within the Department are the Division of Environmental Protection (NDEP), the Division of Water Resources, the Division of Forestry, the State Historic Preservation Office, the Division of State Lands, the Division of State Parks, the Division of Natural Heritage, and the Division of Outdoor Recreation. There are also four standalone programs. The Conservation Districts Program—which used to be a separate division—the Commission on

Off-Highway Vehicles, the Sagebrush Ecosystem Council, and Conserve Nevada, which was formerly known as the Question 1 Bond Program. There are also 15 boards and commissions, and 37 grants and programs. Including seasonal staff, there are over 900 employees in the Department.

The Department's goals are to [page 3, [Exhibit C](#)]:

- Protect Nevada's natural, cultural, and outdoor recreational resources—the Division of Outdoor Recreation and the Division of State Lands take the lead on discussion of natural resources and opportunities.
- Improve efficiencies and streamline processes to reduce and/or eliminate backlogs—due to COVID-19, the complexities of the Department, vacancies, and other various reasons, there are significant backlogs in processing paperwork. Reports describing this have been submitted to the Subcommittees. The Division of Water Resources and NDEP also have litigation creating bottlenecks.
- Modernize services to increase public access, improve customer experience, and expand opportunities for public and interagency interaction—the Department is looking for more computers to get information out to the public. All the paperwork at the flooded Humboldt County Court House is being digitized.
- Manage the development of natural, cultural, and recreational resources to responsibly increase economic opportunities in Nevada's communities—it is important that the Department help the counties and citizens know what is going on.
- Grow stewardship capacity through partnership with federal, state, local, and philanthropic entities—a private donation made to the Ice Age Fossils State Park was able to be accepted through the Interim Finance Committee (IFC). The Department is trying to establish those connections to work across different agencies. There should be no separate silos. We should all be working toward one goal: serving the citizens of Nevada.

That brings us to the Department's challenges [page 4, [Exhibit C](#)]:

- Recruitment and retention challenges cause high vacancy rates and turnover. You can see, sadly, what State employees are paid compared to the counties and the private sector. Those working for the State are doing it for the right purpose. They are trying to further the State of Nevada. We need to recognize them for that. The Executive Budget recommends giving a little more in that respect. That may help with retention.

- External pressures such as population growth and economic conditions heighten demand and underscore the need to act quickly—it is unknown what next catastrophe is around the corner.
- Aging equipment and outdated infrastructure—several bad budgetary years have led to this. The Department is asking to replace equipment based upon the State replacement policies. We are not asking for bells and whistles; the current equipment is old.
- Lack of resources to ensure decision making is based on recent reliable data and best available science—the federal government can come out with a new policy stating that a study from the previous year is no longer viable. It is like buying a computer: the day it was purchased, it was probably outdated.
- Increasing litigation multiplies costs and adds time to administrative and regulatory processes—this is a part of the job.
- Increased time and dedication of resources to comply with collective bargaining process—whether arguing for or against it, there are associated costs. Luckily the Deputy of DCNR has handled many of those discussions, but this takes time.
- Threats of catastrophic wildfires, invasive species, drought, and other unknown disasters.

Page 5 shows pie charts of the biennial budget and page 6 has a chart displaying a budget overview for the biennium [[Exhibit C](#)].

**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - ADMINISTRATION (101-4150)
BUDGET PAGE DCNR-17**

James A. Settlemeyer, Director, State Department of Conservation and Natural Resources:

That brings us to budget account (BA) 4150, DCNR Administration [page 8, [Exhibit C](#)]. There are 14 full-time equivalent (FTE) positions in the Director's Office for the upcoming biennium. Decision unit enhancement (E) 253 would restore travel and operating authority. During COVID-19, many meetings occurred virtually, but it is great to have this interaction face-to-face. The Department is not seeking more money than in the past, but we are seeking to restore what was lost due to COVID-19. The one-shot appropriations are within the confines of the replacement policies of the State of Nevada.

The Sagebrush Ecosystem Council is a team made up of individuals from the Division of State Lands, the Division of Forestry, the Department of Wildlife (NDOW), and the State Department of Agriculture. This program was formed to help ensure that the sage grouse does not become a threatened or endangered species.

Chair Watts:

Are there any questions on BA 4150, DCNR Administration? [There were none.]

We will move on to BA 4159, Water Conservation and Infrastructure.

**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - WATER CONSERV & INFRASTRUCTURE (101-4159)
BUDGET PAGE DCNR-24**

James A. Settelmeyer, Director, State Department of Conservation and Natural Resources:

The Nevada Water Conservation and Infrastructure Initiative is focused on reducing water demands across the state and ensuring long-term reliability of water resources. This budget account receives American Rescue Plan Act (ARPA) funding that came to the state of Nevada. In January 2023, there was a Technical Advisory Committee (TAC) meeting with 15 to 20 agencies, including Southern Nevada Water Authority, Truckee Meadows Water Authority, the State Department of Agriculture, and conservation groups. At its meeting in March, the TAC will discuss the funding criteria further. There was agreement on the aspects, but some wording changes are required.

These funds must get to the most problematic natural resource issues, including potential contamination of water supplies, protection of those water supplies, and water infrastructure to get water to places that may not have it.

The question is: how should those be defined? It is important that this program gets to the communities that desperately need it while avoiding improper terminology.

The grant process will open in spring 2023 to award the \$99.5 million of water and sewer infrastructure funds. The Department is currently working to establish two positions to support the initiative. There are two individuals dedicating half of their time right now; the Department is working on contracts to provide one full-time position. With today's vacancy rates, seeking the other person is critical. This is not just about giving out money. Criteria must be established, then planning, implementation, and finally follow-up is necessary to ensure that this large amount of funding is used as intended.

Chair Watts:

Are there any questions from the Subcommittees on BA 4159?

Senator Goicoechea:

Pages 12 and 13 [[Exhibit C](#)] show \$99.5 million in grant awards, but 5 percent of the \$100 million would be retained for administrative costs. That would be \$5 million rather than \$500,000, correct?

Kelly Williams, Chief Financial Officer, State Department of Conservation and Natural Resources:

That should read \$95 million; thank you for that catch. There is \$5 million set aside for administration, although the Department does not anticipate needing that full amount. There will be a work program to move any remaining amount into the grant category. The \$5 million is likely more than what is necessary for administration because it is only funding two potential positions and some contract work.

Senator Goicoechea:

The burning question is: how much water is there statewide? This should be a focus rather than just saying there are evaporation studies or the science shows that there should be a certain amount. There is no database in place; I have been advocating for that. I understand there are many infrastructure needs. I hope that the TAC will recognize the needs of smaller communities as well as the larger communities. It is important to know how much water there is. Especially coming out of a drought, it does not help to put pipe in the ground if there is no water to put in it.

James A. Settelmeyer:

The diversity within the TAC represents larger water purveyors and the smallest water purveyors.

Chair Watts:

It sounds like the TAC has a diverse composition. No one has complained that they have not been included on it yet. Please provide additional information on who sits on the TAC in a follow-up. This program came out of the Interim Finance Committee (IFC) meeting in October 2022; it is exciting to see the Department moving quickly. There is an ambitious timeline to open applications. Could you speak more about bringing on staff and developing grant criteria? What is the path ahead for the next few months? What is the process for scoring applications and awarding funding?

James A. Settelmeyer:

The Department is currently completing paperwork to get two people hired into these positions. The TAC will hold a meeting in March to go through the criteria. The Department is trying to ensure that these resources get to where they are needed, but what criteria will be effective to accomplish that? Stakeholders do not agree on the terminology, but the concept is to go through the process to get these resources out as soon as possible. The timeline is approximately two years to award funding and then three years for project completion; this is extremely ambitious for large projects. There is concern that there may

not be enough contractors and workers to get it all done in that timeframe because there is such a high demand for employees. Hopefully the timeframe will be quick enough to avoid cost overruns. The longer a grant sits, the cost incrementally increases due to the rising cost of steel and things of that nature.

Senator Goicoechea:

Will the meeting in March be open to the public with a publicly posted agenda? Some of the interested parties will likely lobby the TAC.

James A. Settlemeyer:

The TAC meetings are teleconferenced to four locations around the state. Although it may not be subject to open meeting laws, I have no problem having them open to the public.

Chair Watts:

When this item was approved, quarterly reports to the IFC were requested; we will continue to get updates that way as well. Seeing no other questions, we will proceed to BA 4151.

**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - CONSERVATION DISTRICTS PROGRAM (101-4151)
BUDGET PAGE DCNR-30**

James A. Settlemeyer, Director, State Department of Conservation and Natural Resources:

The goal of the Conservation Districts Program is to support the 28 locally led conservation districts to encourage community-based efforts to conserve natural resources and ecosystems.

The Department was successful in obtaining \$10,000 for each conservation district one legislative session. Unfortunately, due to the economic times, that went all the way back down to the original \$5,000 and then down to \$4,000. In decision unit enhancement (E) 250, the Governor recommends increasing the amount to \$4,500 per conservation district. The Governor recommends appropriating an additional \$10,000 per year in decision unit E-253 to the sage grouse program, and the restoration of travel authority in decision unit E-252. It is important to get out to these conservation districts to help them work through grants that may benefit their community.

The most recent data is not yet available, but during my time on the State Conservation Commission, for every dollar the state allocated, the conservation districts were able to find an additional \$28. Elko County is kind enough to give an additional \$1,000 to each of its conservation districts. Douglas County assists conservation districts with grant funding for programs that they see fit.

Conservation districts were established out of the Dust Bowl because of what was going on with soil at that time. Conservation districts came about because the federal Natural Resources Conservation Service (NRCS) knocked on doors to say, “I am here from the government, and I am here to help.” It did not go well; no one wanted to work with them. These local conservation districts were made up of local agriculturalists, neighbors trusted to be good guys that know about these things. They were elected from the landowners in that community. The NRCS works in partnership with those conservation districts, usually also with the Farm Service Agency. All three of them are a trifecta in the community, and it is a big deal to be a United States Department of Agriculture (USDA) Service Center. There are currently four individuals located in Winnemucca, Elko, and Ely, and the Department is currently attempting to fill the vacant position.

The Governor also recommends a one-shot General Fund appropriation for computer replacements based upon aging equipment.

Chair Watts:

I am glad that now you are with the government and are here to help everyone. Are there any questions from the Subcommittees?

Senator Nguyen:

How do the conservation districts utilize the annual grant funding received from this budget?

James A. Settlemeyer:

It has been used for weed-control measures for noxious weeds; channel restoration after floods, including irrigation system issues; and analysis of river systems to ensure that water is flowing appropriately. Some conservation districts enter grant programs if they have sage grouse habitats. Most counties have one conservation district; Elko County has several. The State Conservation Commission oversees the data from those conservation districts at its annual meeting and certifies them to be in good standing. Through that good standing they go through their financials—a bit too much in my opinion. Again, this is approximately \$4,000. Some detailed audits seem to require more money than necessary. Three public meetings per year are required to be in good standing. The Commission ensures that the resources are being used appropriately within the confines laid out in the *Nevada Revised Statutes* (NRS). There is oversight within that capacity.

With 28 districts, there is everything from backyard conservation in Tahoe—worrying about people's backyards for wildfire danger and things of that nature—to bark beetles, to the 10,000-acre ranches trying to figure out grazing allotments. It varies.

Dominique M. Etchegoyhen, Deputy Director, State Department of Conservation and Natural Resources:

Mr. Settlemeyer is correct; this pass-through stipend can be used for those things. As you recognize, \$4,000 to \$4,500 is not a lot; it often covers basics to allow the conservation

districts to do that work. The conservation districts need insurance for the work they do. They need executive assistants to do the paperwork. They need public accountants for reporting. This covers very little, but they do so much.

James A. Settelmeyer:

The State of Nevada, through a former Attorney General, decided that all the conservation district board members must pay for error and omissions liability insurance, approximately \$127.50 per board member per year. As Mr. Etchegoyhen indicated, this covers minimal costs. The Department would like to get to the point where every conservation district had enough resources to hire someone, even part time, to help with administrative tasks. The conservation district members are not compensated; they pay for their own gas to get to the meetings and those types of things. They are doing it because of what they believe in.

Assemblywoman Dickman:

I have a question about the increased funding for the sage grouse grants. If this is approved, what do you expect the benefits will be to the habitat?

James A. Settelmeyer:

This recommendation would increase the total state funding for sage grouse competitive grant awards from \$65,000 to \$75,000. There is federal funding at approximately a 15:1 match, based on federal funds available. Projects such as pinion juniper removal create more usable habitat for the sage grouse.

Dominique M. Etchegoyhen:

This is an annual application approved by the State Conservation Commission. As noted by the Director, it can be pinion juniper removal. Many times, it is an invasive noxious species such as Medusahead that they are working to remove in some of the primary core habitats around the sage grouse leks. It is different every year based on the applications, but it is phenomenal work helping to ensure that the sage grouse does not get listed under the Endangered Species Act.

Chair Watts:

I attended the conservation district annual meeting in Fallon last year to talk about water issues. It is exciting to see some funding restored. I am glad that you brought up soil because there will be some policy discussion related to soil conservation. Hopefully there are resources that can support that as well. The budget proposal includes a full restoration to pre-pandemic levels for the sage grouse competitive grants but only a partial restoration of the baseline annual grants to the conservation districts; can you explain why?

James A. Settelmeyer:

There is quite a gambit of conservation districts; some are extremely small and may be unable to match this grant funding. If funding increases too much at one time, the smaller districts may not be able to compete as well.

Kelly Williams, Chief Financial Officer, State Department of Conservation and Natural Resources:

The grant payment was cut during the recession in the 2010 to 2012 timeframe. The Department worked to bring it back up to \$5,000. It was \$5,000 in fiscal year (FY) 2020 and was approved for \$5,000 in FY 2021. When the pandemic hit, budgets were cut across the board, so it was brought down to \$4,000. This is an attempt to start getting it back up to \$5,000. The goal is to eventually bring it back up to \$5,000 or more. However, when the Department submitted agency request budgets, this is what fit within the State General Fund.

Chair Watts:

Thank you for that additional clarification. Many of us understand the needs that the Department has, and we want to ensure that it is resourced adequately to do its work. With all the other proposals out there, the cost to restore this is worthwhile for all the work that those conservation districts do.

Senator Goicoechea:

It might be beneficial for the Subcommittees to have a handout showing the 28 districts, where they are located, and a size comparison. Perhaps the Subcommittees could consider an additional pot of money that would be available to some of the larger districts that could put it to use. There could be another grant process rather than awarding \$10,000 to all districts, knowing that some of them could not use it. Some of the larger districts buy grain drills, and they get a lot of work accomplished with very little funding. Maybe a base level of \$5,000 could be considered, with an additional pot of \$20,000 to \$30,000 that could be accessed by some.

Chair Watts:

The Department can provide that as a follow-up item to the members of the Subcommittees. We will proceed to the Division of Environmental Protection.

Greg Lovato, Administrator, Division of Environmental Protection, State Department of Conservation and Natural Resources:

Now more than ever, the Nevada Division of Environmental Protection's (NDEP) mission is to protect and enhance Nevada's air, land, and water, to sustain healthy ecosystems, and to contribute to a vibrant economy [page 17, [Exhibit C](#)]. The NDEP does everything from addressing lead in drinking water at child care centers and schools, putting in place timely and effective environmental controls at new facilities and new industries, continuing to reduce impacts of fine sediment on Lake Tahoe clarity, cleaning up abandoned mine lands, and continuing the key role of serving the public.

In addition to implementing the major environmental federal statutes delegated by the U.S. Environmental Protection Agency (EPA), the NDEP also oversees state programs for mining regulation, reclamation, and chemical accident prevention. There are 275 staff positions, including 30 in Las Vegas. The NDEP's current focus is maximizing the

environmental benefit of funding received from settlements and that the Division anticipates pursuing under new, much larger federal appropriations. For example: to date, the NDEP has leveraged \$15 million in Volkswagen (VW) settlement funds to access approximately \$40 million in partner funding and has reduced air pollution by over 1.5 times the amount of excess emissions from VW vehicles with defeat devices.

The NDEP continues to prioritize permitting for new and major modifications and meeting with prospective new facilities to expedite the application and permitting process. This is especially important for industries that are permitting novel technologies for the first time in Nevada. On the public side, the NDEP is conducting more routine outreach on proposed permitting as well as enhanced outreach to communities which express interest and have questions. The NDEP is making more information available online and has established channels of communication with tribal environmental directors through a tribal environmental liaison at the Inter-Tribal Council of Nevada. All key rule makings over the past couple years have involved extensive outreach and public input outside of the required public workshops.

Some of the NDEP's challenges are a steady increase in personnel vacancies from approximately 5 percent in 2017 to 17 percent today, including many key scientist and engineer positions as well as fiscal personnel and administrative staff. There is also an increasing number of underfilled positions. There are backlogs which contribute to staff and management burnout. It is difficult to compete for younger talent against other employers offering higher pay and benefits. People who have been here a while will probably stick it out.

As a state agency accountable to the public, the NDEP strives for transparency in the decision-making process and values oversight, but increased public record requests divert agency resources from its core environmental regulatory responsibilities. The NDEP has been able to satisfy requests more quickly and stem the workload impact to some extent with our electronic document management. There is a chronic problem of flat federal funding for core environmental programs while contending with increased federal rules and requirements to implement. This forces the NDEP to look to grant funding to maintain primacy and run the programs in Nevada. This has been especially challenging in the Bureau of Safe Drinking Water.

The NDEP does not rely on any General Fund money [page 21, [Exhibit C](#)]. All its revenue comes from fees, grants, settlements, and reimbursable agreements. This is still public money, and the NDEP takes its fiduciary duty seriously. Before getting into specific budget accounts, I will touch on the highlights of new federal project funding for NDEP-administered grant and loan programs. The Drinking Water State Revolving Fund program is building on past success of over \$1 billion in project funding since program inception while maintaining AAA bond ratings to take best advantage of new federal funding and address bigger projects. The NDEP has been streamlining processes, adding positions,

increasing contracting capacity, updating regulations, and Assembly Bill 20 will help to take advantage of federal funding.

New this year is a web-based platform to modernize our application funding and technical assistance process. The NDEP works closely with the USDA, the state infrastructure bank, programs funded by ARPA, and other funding sources to identify the best mix of funding for project, community, and recipient needs. At the same time, the NDEP is facing challenges with larger borrowers cautious about receiving loans while supply chain backlogs and skilled trade shortages are causing delays. Since the recent federal funding was announced, projects on the water infrastructure priority list have grown by over 80 projects and over \$1 billion in new project leads. There is a catch-22 of people not saying what their real needs are until they know money is available. The NDEP will be able to utilize all the funding for our normal clean drinking water infrastructure.

There is new funding provided for lead service lines. Unfortunately, in the past, Nevada has not completed inventories to identify replacement projects. Nevada benefits from relatively new infrastructure and some of the lowest lead service line estimates per capita in the nation, which makes it difficult to identify projects needing lead service line replacement. Nevertheless, the NDEP is working on ways to take advantage of this federal funding this year. The NDEP will talk further with the EPA and others about how to take full advantage. The NDEP is also embarking on assessments of drinking water sources for the presence of PFAS [perfluoroalkyl and polyfluoroalkyl substances] to determine how to utilize that funding.

The Brownfields program helps local communities assess and, if needed, clean up potentially contaminated properties to ready them for reuse. The program has completed a lot of road trips throughout the state and is positioned to apply for and utilize over \$2 million in new funding to address these sites in the 2023-2025 biennium.

The Bureau of Water Quality Planning expects to receive an additional \$40,000 per year in supplemental funding to support statewide and local planning entities updating their water quality management plans.

Finally, under the bipartisan Infrastructure Investment and Jobs Act, the NDEP is now applying for recycling grants, which the EPA has not offered in many years. The NDEP has been teaming up with a diverse group in the state called Partners for a Sustainable Nevada to help identify the best opportunities to increase the state's recycling rate. These types of partnerships will help ensure Nevada makes best use of any federal funds received.

Lastly, under the Inflation Reduction Act, the NDEP is communicating with the EPA and will be assessing opportunities with Nevada partners for additional air pollution reduction projects for transportation fleets, building on our success managing the VW settlement and the Diesel Emission Reduction Act funding.

Chair Watts:

We will now move on to the next budget account.

**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - DEP AIR QUALITY (101-3185)
BUDGET PAGE DCNR-149**

**Jeffrey Kinder, Deputy Administrator, Division of Environmental Protection, State
Department of Conservation and Natural Resources:**

Budget account 3185 supports two bureaus within NDEP: the Bureau of Air Pollution Control, which does permitting for the Chemical Accident Prevention Program and compliance, and the Bureau of Air Quality Planning, which performs planning functions and mobile source work.

I will focus on the bold enhancement units on page 24 [[Exhibit C](#)]. Decision unit enhancement (E) 256 contains funding for high resolution satellite imagery. Under the Clean Air Act, the EPA sets ambient air quality standards, and the state demonstrates attainment or nonattainment. When the state is in attainment, there is no impact to growth in the state under the Clean Air Act. However, if a state gets a designation of nonattainment, there must be offsets from existing growth to support new growth. If the state can show that wildland fires and dust events from high winds are exceptional events, those events can be removed from the three-year average determining the attainment/nonattainment decision. The primary purpose of this high-resolution satellite imagery is to effectively conduct those analyses to show when exceptional events occur in the state and where they affect the state.

The high-resolution satellite imagery would also be used for permitting. Nevada is a big state to effectively permit. Many projects occur in the rural part of the state, and much is done on modeling analysis to issue permitting decisions. It is critical to establish things like fence lines. Much of the analysis is for surface area disturbance permitting to determine the size of a disturbance and the type of air emissions.

There are two position reclassifications for consideration: decision unit E-805 and decision unit E-806. Both pertain to greenhouse gas (GHG) and mobile source branch within the Bureau of Air Quality Planning. In 2007, the Legislature began requiring the NDEP to produce a GHG inventory and projections report every four years. Historically, this has relied on EPA state inventory tools. Several federal agencies collect local and state data from Nevada. The EPA then aggregates that and sends it back out to the state based on population. We have learned there is a significant lag—normally four years—of when the state receives data, and there are some inaccuracies in that data because population does not tell the whole story of how unique Nevada is. Additionally, [Assembly Bill 254 of the 80th Session](#) changed the requirements for this reporting, making it annual for some sectors and including additional requirements. The Division is now looking to collect that state and local

data itself, consider the context of Nevada's uniqueness, provide inventory data with no more than one year of lag, and have much more accurate projections going forward. Transitioning from an environmental scientist position to a professional engineer supervisor position will lend itself to that work.

The second reclassification is similar. That branch also does mobile source work. As Mr. Lovato mentioned, there has been success with the VW settlement, and I believe Nevada has been in the Diesel Emission Reduction Program since 2008 with the EPA, which allows work with a lot of communities in changing out older diesel vehicles and providing newer technology.

Chair Watts:

Are there any questions from the Subcommittees?

Senator Harris:

My question has to do with the reclassification of the positions. If one of the positions is vacant and the Division is asking for the difference between what would be the current salary and the reclassification, what happens to the salary that was appropriated for this position but remained vacant? Does it revert to the federal government? How is this funding accounted for, given that no one has been in this position?

Jeffrey Kinder:

The supervisor position recently became vacant due to a retirement. The Division determined this was a good opportunity, with the current work, to reclassify. Any savings from that position since it became vacant to when it is filled would go into reserve and continue to support the program.

Senator Harris:

Could recruitment and retention issues be solved by these reclassifications?

Jeffrey Kinder:

The NDEP has several engineers, so the supervisor position would create opportunity for in-house staff to continue in their careers or it would allow the NDEP to seek outside recruitment.

Greg Lovato, Administrator, Division of Environmental Protection, State Department of Conservation and Natural Resources:

In terms of recruitment and retention, it will have limited effect. This just ensures that the positions are appropriately classified for the work being done. The larger context of recruitment and retention remains. Attracting and retaining younger talent will remain a challenge with the existing environment. The effort to reclassify positions or increase pay may keep existing staff in a slightly better position, but is not expected to increase recruitment or retention.

Assemblywoman Gorelow:

For decision unit E-256, could you please talk more about how this imaging is going to protect and improve the air quality? Also, from where will these images be purchased?

Jeffrey Kinder:

A vendor has not been selected at this time. The Division did research on availability and came up with the estimate for the enhancement. The Division maintains a series of monitors throughout the state that show air quality events such as a wildfire smoke. However, that is not enough to demonstrate that is an exceptional event to the state. The Division must show where the fire is, where the smoke plume went, and what part of the state was impacted. This satellite imagery would help to demonstrate that to the EPA when looking for exceptional events.

The Division always models permitting projects. A model looks at the proposed emissions, location of a facility, where the facility's fence line is, and historical meteorological data. It then projects the impact on air quality with the ambient air quality standards. This will allow accurate placement of facilities and will help improve the permitting process.

Assemblywoman Gorelow:

The satellite imagery will not read pollution levels, correct? It is my understanding that the satellite capable of reading pollution levels will not be scheduled to be available until 2032. Has the Division communicated with federal partners like the EPA or NOAA [National Oceanic and Atmospheric Administration] to see what is available, especially regarding wildfires?

Jeffrey Kinder:

Correct. These satellite images will not measure concentrations of pollutants, they will graphically show where big pollution events are occurring and which parts of the state they are affecting. The Division maintains the monitoring networks for the state as well as for Clark and Washoe County agencies. All the monitoring in the state is done by the state, not at the federal level. However, the Division has worked closely with the EPA on this project and potential accomplishments with these demonstrations.

Senator Goicoechea:

How long will it take to issue an RFP [request for proposal] for the satellite imagery? Will this be up and running by this summer?

Jeffrey Kinder:

Yes. The hope is to be ready for this fire season, if approved. Logistic issues are not anticipated; there are a number of companies that provide this data and a number of options for this data with higher or lower resolution and different types of satellites. There are options depending on expected impacts, depending on the upcoming season.

Senator Goicoechea:

With the precipitation in Nevada this year, there will likely be forage production and fire by fall. With this imagery, a plume can be tracked, and then the Division can dial into the air quality monitoring network to understand the impacts. Either with the Division's monitors or the mining companies' monitors in northern Nevada, there is a network that can test the air quality in that plume, correct?

Jeffrey Kinder:

Correct; there are a number of monitors. This imagery will also not be centric to Nevada. For events occurring outside of the state, the Division will be able to track smoke impact on Nevada.

Assemblywoman Dickman:

Does the Division plan to adopt the Advanced Clean Cars II regulations from California? If so, could you talk about that and how it would work?

Greg Lovato:

In the report that Mr. Kinder referenced, the state is responsible for identifying a number of GHG reduction policies to meet the goals stated in the NRS. The Division is currently evaluating whether to move forward with Clean Cars II. There is probably a range of options with Clean Cars II. Right now, the Division—pursuant to the recent executive order—is reviewing all regulations and looking for streamlining opportunities. It is worth continuing to look at ways to reduce emissions, both for meeting GHG goals and for air quality purposes. The ozone levels in Washoe and Clark Counties, even aside from wildfire events, are at increasing risk of nonattainment. The only way to address that is to reduce vehicle emissions. Basins have a tough time getting rid of air pollution. A decision has not been made, but the Division will continue to evaluate.

Chair Watts:

Are there any additional questions? Seeing none, we will move to the next budget account, BA 3187.

**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - DEP MATERIALS MNGMT & CORRECTV ACTN (101-3187)
BUDGET PAGE DCNR-161**

**Jeffrey Kinder, Deputy Administrator, Division of Environmental Protection, State
Department of Conservation and Natural Resources:**

Budget account (BA) 3187 has several bureaus within the NDEP. It includes the Bureau of Sustainable Materials Management, the Bureau of Federal Facilities, and the Bureau of Corrective Actions. I will focus on decision unit enhancement (E) 251 [page 25, [Exhibit C](#)]. This enhancement unit recommends a statewide waste characterization study. In 1991, the

Legislature established a recycling goal for Nevada of 25 percent. The state has struggled to meet that goal over the years. The only time that goal was met or exceeded was from 2011 to 2013. During that time, there was not more diversion going to recycling, but there was less waste generated in the state, which improved the percentage.

The Division is proposing a waste characterization study that would provide information on how to better manage materials disposed of in Nevada landfills. The material composition of how much paper, glass, and food waste demonstrates recycling opportunities. This would be done by taking grab samples at landfills or working with haulers and would be done on a weight basis.

The Bureau of Sustainable Materials Management updated its name in 2019 from the Bureau of Waste Management to reflect a more holistic view of recycling as a part of overall sustainability in the state. Additionally, in 2021, the Bureau brought together businesses, nonprofits, and government agencies to leverage sustainability programs across the state. This effort is called the Partners for a Sustainable Nevada, and it has opened a forum to talk about sustainability challenges and opportunities. The waste characterization in decision unit E-251 would show what is being disposed of in Nevada landfills and would help find opportunities for enhanced recycling or diversion from our landfills.

Chair Watts:

Are there any questions from the Subcommittees?

Assemblywoman Brown-May:

I have questions on decision unit E-252, the Anaconda Copper Mine site cleanup. I understand this is a three-phase operation still in the first phase. Please give a brief overview of recent cleanup activities at the copper mine site. What work is anticipated to be completed through the 2023-2025 biennium?

Greg Lovato, Administrator, Division of Environmental Protection, State Department of Conservation and Natural Resources:

The Anaconda Copper Mine site cleanup has been divided into three phases. The first phase covered a portion of the site that did not have a viable responsible party. That portion was originally proposed to be taken care of through federal funding. When the NDEP entered into an agreement in 2018, it was to manage the site, and that orphan share was approximately a \$40 million to \$50 million phase of the cleanup. The NDEP had already been through cost estimations and is mostly done with that. Over the past several years, caps have been added to all the heap leach pads that were draining acid. The stormwater and pond structure around those have improved. There was a groundbreaking in August 2022 to showcase all the work that happened there. The work for phase one is expected to conclude in 2024 and the payments are expected to continue through 2025 due to the billing cycles. The state has a 7.8 percent cost share of that part of the cleanup. That would be the end of the state's cost share for the entire site once phase one is complete.

The second phase involves northern areas of the site and areas offsite to which groundwater has migrated, and southern areas of the site including the pit lake. This is still in the risk assessment/feasibility study stage. Some remedy selections and decisions for those are expected toward the end of the biennium. Construction for those would happen thereafter. Construction for the whole site is expected to be complete in 2029, but the state will not have liability for those phases.

Assemblywoman Brown-May:

You stated that approximately 7.8 percent of the cost share is the state's liability; when will the dollar amount for that orphan share be available?

Greg Lovato:

There is pretty good information on expenditures to date, incurred cost to date, and the projected amount remaining. Approximately \$50 million, or 7.8 percent, would be the total cost share, but more specific information can be provided.

Assemblywoman Anderson:

Under decision unit E-805 and decision unit E-806, for the position reclassifications, please briefly describe any recruitment and retention issues the Division is having with administrative and analyst staff and how these reclassifications might impact the effort in both recruiting and retaining employees.

Greg Lovato:

The reclassification in decision unit E-805 accommodates and acknowledges the increase in scope and responsibility of the administrative assistant position. Currently an administrative assistant is working on cost recovery issues, contract processing and management, and budget maintenance and reconciliation across multiple budget accounts. This discrepancy is addressed in decision unit E-805.

Planning functions for the Brownfield program are addressed in decision unit E-806. This covers the petroleum fund, abandoned mine land cleanups, and development and implementation of an electronic records management system. This work is ongoing, and changing the position classifications account for these added responsibilities. These positions are filled, and the Division will likely be able to retain those individuals. This is not an attempt to increase recruitment and retention. That is a larger discussion.

Senator Nguyen:

Regarding the Bureau of Sustainable Materials Management: could you please discuss the current status of existing programs for recycling and reuse of materials? How will these additional grants promote sustainability and impact current efforts?

Jeffrey Kinder:

Recycling in the state is handled by jurisdiction. There is single-stream recycling in larger areas, but rural Nevada has challenges with infrastructure. The profitability of recycling must be considered. When it is collected on a small basis and transported long distances, that eats into the opportunities. For many years, the Bureau has awarded grants mainly focused on educational materials or enhancements to infrastructure to more efficiently collect and transport material. Based on funding, the fees collected, and economic conditions, these grants have totaled approximately \$50,000 annually. This decision unit would raise that amount based on increased fees, to support generally smaller groups to be able to enhance the education or infrastructure of recycling.

Chair Watts:

I had the great fortune of being able to attend a couple of Partners for a Sustainable Nevada meetings; it is great to see some of the work out of that broad stakeholder group reflected in the agency's budget and programs. There has been migration away from the solid waste plan to sustainable materials management; that is evident in this grant program that was originally around solid waste recycling and is now taking a more holistic approach to waste management and reduction. The waste characterization study was also somewhat born out of those discussions and data gaps that were highlighted by those stakeholders.

Please give a little more information on the timeline and the benefits of that study, particularly how the study will address some of the data gaps identified by that stakeholder group.

Jeffrey Kinder:

Staff at the NDEP says that if it cannot be measured, it cannot be managed. There are many data gaps of what goes into landfills currently, not only for recycling but sustainability. If a material can be reused, producing a new raw material can be avoided. Someone's waste product might be somebody's feedstock, which could benefit both organizations by connecting them. Some waste characterization studies from other states are one-off studies, using that information and moving on. Some states do them regularly. The states doing waste characterization studies have a significantly higher recycling rate than even the goal rate here.

Initially, the study would take and weigh samples at landfills. It would then likely broaden to where waste is collected and transported and what is coming into the state that is not generated here. It is a phased opportunity to start filling in those data gaps and find out what materials are currently being disposed that have value and can be reused. Also in larger communities, recycling sorting centers would be a great opportunity to gather some data.

Greg Lovato:

I want to add that there are waste management companies participating in the Partners for a Sustainable Nevada that would voluntarily participate in waste characterization studies. They are just as interested in understanding this as everybody else.

Senator Goicoechea:

How many licensed landfills does the Bureau manage?

Jeffrey Kinder:

I will respond back to the Subcommittees later today with that number.

Chair Watts:

Are there any further questions from the Subcommittees? [There were none.] We will move on to the overview of the general obligation bonds. Please keep the overview brief to allow time for questions before moving on to our last budget account of the day.

James A. Settelmeyer, Director, State Department of Conservation and Natural Resources:

An email with a link to the DCNR website has been sent to all members of the Subcommittees. There you can find a map with all 28 conservation districts and the regions that are associated with it for the State Conservation Commission.

Brandon Bishop, Program Manager, Conserve Nevada, State Department of Conservation and Natural Resources:

There are four general obligation bond programs within the Department:

- The Conserve Nevada Program.
- The Commission for Cultural Centers and Historic Preservation Grant Program.
- The Lake Tahoe Environmental Improvement Program, managed by the Nevada Division of State Lands and the Nevada Tahoe Resource Team.
- The Water Infrastructure Capital Improvement Grant Program managed by the NDEP.

The Conserve Nevada Program was authorized by Assembly Bill 84 of the 80th Session for \$217.5 million for bond sales to preserve, protect, and enhance Nevada's natural and cultural resources. The Commission on Cultural Centers and Historic Preservation grant program, created through NRS 383.500, authorizes up to \$3 million annually to preserve and enhance cultural resources around the state, including historic buildings and cultural centers. The Lake Tahoe Environmental Improvement Program was authorized up to \$100 million in bonds through the 2009 Statutes of Nevada Chapter 431. This provides for wildfire

mitigation, lake water quality, conservation, and outdoor recreation projects within the Lake Tahoe basin. The Water Infrastructure Capital Improvement Grant Program, authorized through NRS 349.986, provides up to \$125 million in general obligation bond sales for projects that improve wastewater and drinking water across the state. These programs have historically been funded through a provision in the *Nevada Constitution*, Article 9, Section 3, related to state general obligation bond debt. There are two types of debt: exempt and nonexempt. Typically, the caveat for exempt is if it preserves or protects the natural resources of the state, the benefit of those resources, or the property of the state. This is where the bond programs delineate whether they count toward state debt.

Looking at statewide need moving into the biennium, each program undergoes review with partner organizations getting preapplications and various items to see what projects are out there statewide and what the overall need and capacity are for partners to get things on the ground. The Conserve Nevada Program went through this and we found there is nearly \$389 million in need statewide. The Commission for Cultural Centers and Historic Preservation Grant Program also conducted this assessment and there was approximately \$12.7 million in need statewide for cultural programs and historic preservation. The Lake Tahoe Environmental Improvement Program in the basin showed a need of \$8.5 million. The Water Infrastructure Capital Improvement Grant Program now has well over \$40 million in need. However, this was identified as an example of projects that could be tackled within the 2023-2025 biennium. Page 33 shows each of the authorities still remaining in legislation compared to the level of need [[Exhibit C](#)].

The Conserve Nevada Program was authorized by Assembly Bill 84 of the 80th Session for \$217.5 million. There were several categories that were direct funded recipients within the bill, including the Division of State Parks, Department of Wildlife (NDOW), the Las Vegas Springs Preserve, Clark County Wetlands Park, the Vegas Valley Rim Trail, and the Division of State Lands for the Caliente Depot restoration. The left side of page 35 lists the appropriations for the current biennium [[Exhibit C](#)]. The Program was appropriated \$20 million through Assembly Bill 492 of the 81st Session. Of this amount, \$2.88 million has been spent, and \$14.6 million is obligated under contract. Because many of these are capital improvement projects or design specifications, moving forward those expenditures will increase rapidly.

The right side of the table shows \$389 million in need and the amounts are broken down into:

- A total of \$43.7 million at the Division of State Parks for projects across the state, including the new Valley of Fire visitor center, some of the Ice Age Fossils State Park, and some of the development out at Walker River State Recreation Area.
- A need of \$7.5 million for NDOW, including habitat restoration across the state and some financing related to wildlife crossings and various programs. NDOW is

particularly good at matching funds with federal and other resources to stretch dollars. Actually, all of the partners are; they do a fantastic job at that.

- A needs assessment for the Vegas Valley Rim Trail was not identified because they are currently under planning and likely would not have capacity within the biennium.
- A total of \$6 million is needed for the Clark County Wetlands Park to continue the Wetlands Loop Trail around the park—finishing this segment will make it completely connect.
- A need of \$10 million has been identified for the Las Vegas Springs Preserve for the renovation of the Origin Museum.
- The Division of State Lands needs \$1 million for the continued restoration of the Caliente Depot.
- The Lake Tahoe East Shore Trail needs \$5 million to leverage federal dollars should they become available, to make this trail go from Sand Harbor to Spooner.
- Over \$280 million in competitive grants is needed for things like wildfire mitigation and restoration, wetlands, improvements, outdoor recreation development, some trails and all sorts of things in that avenue.

The needs assessment has been submitted to the Subcommittees should you have any questions on that.

The visitors center at the Nevada State Railroad Museum in Boulder City is a huge economic development initiative. The \$23.3 million recommended as a capital improvement project in The Executive Budget will essentially develop out that full museum and visitor center, creating a gateway for that community. Conserve Nevada is funding the design and planning being conducted by LGA Architecture.

Joe Hardy, Mayor, Boulder City, Nevada:

I am here in very good support of the Nevada State Railroad Museum that happens to be in Boulder City. It is going to allow a linear park to parallel the railroad tracks and a road that will better access nearby businesses. As was stated, this is a good gateway into the city, and I look forward to having the cooperation between the city and the state. Boulder City has already promised \$200,000 toward this venue.

Brandon Bishop:

The Valley of Fire Visitors Center is one of the opportunities to fund. A private donor has pledged \$7 million, and Conserve Nevada funding could be used for \$8 million to get it over the top.

Page 38 provides an overview of the Lake Tahoe Environmental Improvement Program and page 39 provides different categories of projects that could be funded within the next biennium [[Exhibit C](#)]. The overall level of need for the biennium is \$8.56 million.

The level of need identified within the Commission on Cultural Centers and Historic Preservation Grant Program for the coming biennium is \$12.7 million for projects all around the state. Some of these fantastic projects are listed on page 41 [[Exhibit C](#)].

The NDEP Water Capital grant program has a number of projects across the state. Page 43 identifies four example projects that could be completed within the biennium [[Exhibit C](#)]. With \$40 million, approximately \$86.8 million in federal funding could be leveraged to tackle projects that do not qualify for the State Revolving Loan Fund but could qualify for this funding.

Chair Watts:

There has been a broader needs analysis and assessment. There is some additional affordability both in the conservation bonds program—outside of the projects highlighted—and in the Lake Tahoe Environmental Improvement Program that would meet the needs that have been laid out.

There will need to be some prioritization with the conservation bonds and with the Cultural Centers Historic Preservation Grant. Could you speak more to what that process is going to look like over the biennium? Is the intention to allocate all the affordability that is available over this biennium to various projects, based on this needs assessment? There looks to be a pretty strong commitment on a couple. The Subcommittees want to ensure that these other needs are addressed moving forward.

James A. Settelmeyer:

It is important to point out that the *Nevada Constitution*, Article 9, Section 3 provides issuance of two different types of bonds [page 32, [Exhibit C](#)]. All bonds dealing with two states that have a compact fall into the exempt category; they do not fall into the 2 percent bond indebtedness limit. The desire there was to work with the Treasurer to see that the funds that he has already presented are allocated, as recommended, to the Tahoe projects. Again, they fall outside because they are exempt. That is where a lot of this is being worked out.

Brandon Bishop:

To elaborate on that, the goal would be to work with partner organizations to identify some of their higher priorities—especially the direct fund recipients—and see what their capacity would be moving into the biennium realistically. Those bond dollars should be spent as rapidly as possible because there is a three-year window. Development of the regulations for the program have begun so that the competitive grant program can launch. It would be exciting to be able to fund a portion of those competitive grants. It would not be plausible to

fund the \$288 million in need, but that helps demonstrate what is out there. Even a portion of that would be a priority of the program. The overall goal is to fund projects that can put great projects on the ground, but also leverage private and federal funding appropriately.

Chair Watts:

The Subcommittees look forward to getting additional information as some of the processes move forward. It is helpful to understand this major museum initiative in southern Nevada is included in The Executive Budget. It is a welcomed project, but some of those other partners indicated also have projects in the queue, ready to move forward. It sounds like that is the intent from the Department.

Regarding the Lake Tahoe Environmental Improvement Program: bonds were authorized in 2009. Is there any indication of when reauthorization of that bond program will be needed?

Charles Donohue, Administrator and State Land Registrar, Division of State Lands, State Department of Conservation and Natural Resources:

The agency has the capacity to spend approximately \$4 million annually [page 33, [Exhibit C](#)]. There is approximately \$71.5 million left in authority, so reauthorization may need to be considered in approximately eight years.

The Nevada Tahoe Resource Team has identified more than \$8 million in projects. However, there will likely be a bill for \$13 million sponsored by the Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency and the Marlette Lake Water System because at the time to submit a bill draft request, there was a huge need for transportation. Allocating approximately \$5 million toward the development of an aquatic invasive species permanent inspection station seemed reasonable as well as associated parking to access the trail from Sand Harbor to Spooner.

James A. Settlemeyer:

Before moving on, I would like to address a previous question. Agencies in attendance at the State Conservation Commission meeting were the Humboldt River Water Authority, Truckee Meadows Water Authority, Southern Nevada Water Authority, Nature Conservancy, the Department of Agriculture, the League of Cities, and four other agencies. A more formalized list will be provided to the Subcommittees.

Chair Watts:

Are there any further questions from the members? [There were none.] We will move on to the Tahoe Regional Planning Agency, BA 4204.

INFRASTRUCTURE
TAHOE REGIONAL PLANNING AGENCY
TAHOE REGIONAL PLANNING AGENCY (101-4204)
BUDGET PAGE TRPA-3

Julie W. Regan, Executive Director, Tahoe Regional Planning Agency:

Currently in Lake Tahoe, there is approximately 185 percent of the median snowpack year over year. This is a wonderful thing for Lake Tahoe, for the water level, for reducing fire danger, and for the water supply for Nevada. This is a terminal system; the lake headwaters go through the Truckee River into Pyramid Lake. However, one good year does not eliminate the drought threat in the future. A couple good years reduce danger, but the threat is always there—that is part of what we will cover as it relates to the Tahoe Regional Planning Agency (TRPA) budget. The lake is currently approximately one foot above the natural rim elevation. The elevation of the natural rim of the lake is 6,223 feet and it is currently over 6,224.5. That is that is very good news for the lake.

The timeline in our presentation provides context for budget decisions and fiscal impacts [page 3, [Exhibit D](#)]. Lake Tahoe has a fascinating tale of developmental boom starting in the 1950s. When the Winter Olympic Games were held at what is now called Palisades Tahoe in 1960, it put Lake Tahoe on the map. This combined with a boom of vacation planning following World War II and a beautiful place to escape into the mountains unleashed a boom of development without a lot of planning.

There is also complicated jurisdiction with California, Nevada, and approximately 10 federal agencies operating in the area. The U.S. Forest Service is the largest landholder at approximately 80 percent of the land in Tahoe. There are also many local governments and private nonprofits. Many were alarmed about the amount of development.

Heavenly Ski Resort opened in 1956 [page 3, [Exhibit D](#)]. The Lake Tahoe Airport in South Lake Tahoe opened in 1959. The Olympics were held in Tahoe in 1960. The highway system and the first casino opened in the 1960s. The TRPA was established through a bistate compact in 1969. The population growth and the recreation demand on the resource continued. By 1980, population growth had increased by 16 times since the 1950s; it was a consolidated boom. Factoring all the build-out scenarios for Tahoe in the 1950s would have created a city the size of San Francisco—a city with the lake in the middle—a massive development with a bridge over Emerald Bay. That prompted scientists to start studying the ecology of the lake to look at what would happen should such a scenario play out over time. That generated a lot of concern and action, including this interstate compact, which continues to this day—53 years later—to be a landmark policy achievement in the United States.

Nevada played a signature role in shepherding this compact with the state of California through Congress. Ultimately, President Nixon signed the compact in 1969 with Governor Laxalt of Nevada and Governor Reagan of California.

In 2023, the TRPA remains unique in the country. The U.S. Government Accountability Office did a study of interstate compacts, and the closest probably is the Columbia River Gorge Commission in Washington and Oregon. That interstate compact, however, does not give the commission land use authority or development management. That is the unique feature in Lake Tahoe. The TRPA also connects its role in Tahoe with transportation. The TRPA has Metropolitan Planning Organization (MPO) authority, designated in federal law. Even though Tahoe is a small rural community with a residential population of less than 60,000, the TRPA has special dispensation through Congress to have the MPO authority for transportation. This allows the TRPA to pass monies through transportation partners as well as to local government partners and transit operators. It is unique to connect land use and transportation with a policy imperative within the compact to reduce dependency on private automobiles. That is a big challenge.

Page 6 shows the three primary phases of Lake Tahoe's history of conservation [[Exhibit D](#)].

The \$5 billion visitor-facing economy is critical with 1,700 jobs per year supported by the Environmental Improvement Program [page 7, [Exhibit D](#)].

The TRPA is facing a challenge with retention of employees. The whole basin is facing a workforce shortage related to housing. The average sales price of a home is \$950,000 in Lake Tahoe which constrains the workforce.

The TRPA has a focus on customer service. In my 20 years with the agency, we have worked to improve public service over time. Many investments are related to technology and allowing more access online. Almost 83 percent of permit applications are now submitted online. COVID-19 forced this issue, but the Agency is proud of that. Using funds to enhance public service is a critical tenet.

Christopher Keillor, Finance Director, Tahoe Regional Planning Agency:

The overall agency budget is approximately \$22 million for the current year. Of that, approximately \$7 million—about a third—comes from the two states: roughly \$5 million from California and \$2 million from Nevada. Approximately \$3.5 million per year comes from user fees, for current planning from the aquatic invasive species (AIS) inspection program, and from the new shoreline program. The rest mostly comes in the form of grants. Traditionally those grants have largely been on the transportation side through our role as an MPO, but more recently the Lake Tahoe Restoration Act passed and was funded.

This year there is a new agreement with the Forest Service that will bring in about \$5 million per year to work on the AIS program which the TRPA will administer and manage. The summary chart shows the overall baseline budget for the biennium and the budget items before the Subcommittees today [page 10, [Exhibit D](#)].

For the last three sessions, funds have been approved so that TRPA employees get the same increases that state employees do. The chart represents a 5 percent increase, but both the Legislative Counsel Bureau (LCB) and the Office of Finance, Office of the Governor have the baseline numbers, so this can be adjusted. The bill that sets state employee compensation has been matched in the past.

The biggest budget item is closing the gap to the compact. The Nevada Legislature and the California Legislature passed the compact and it is embedded in NRS. It calls for the TRPA to be funded one-third by Nevada and two-thirds by California. That is the goal, but it is subject to the budget actions of each state, including the Subcommittees here today.

Over the last 15 years, there has only been one year where the state of Nevada met the one-third goal in the compact. In 2007, with the recession, Nevada's funding to the TRPA was cut, but California's contribution remained the same. Again, during COVID-19, Nevada's contribution to the TRPA was cut and the California budget remained the same. Closing that gap would take approximately \$366,000 per year.

That funding would be used to address two key issues:

- TRPA employees are not State of Nevada employees and are not State of California employees, and therefore do not participate in the state retirement programs—and the agency never opted into Social Security, so employees also do not get Social Security credit while working for the TRPA. There is a defined contribution pension plan that is considerably less than any of the competing state and local entities. This could be enhanced with additional funding.
- Environmental monitoring contracts involve the Desert Research Institute (DRI); the University of Nevada, Reno (UNR); the University of California, Davis; the United States Geological Survey; and others monitoring the lake. Those contracts all have escalation clauses in them, but the TRPA has not been receiving the necessary additional funding to support them.

This budget enhancement would meet the two-third/one-third ratio. The baseline California allocation is in the Governor's budget in California.

Another item is the 21st century customer service project. The TRPA has several million hard files that need to be digitized. The TRPA has been moving toward online permitting for a while, and COVID-19 accelerated that. Well over 80 percent of permitting is now done online, but before filing an application, people want to research the property to find out what is there. Currently, this means coming into the office to dig a file out of one of the file rooms to look at it. A project has begun to scan all these files and get them in place. Initial funding of \$250,000 was received from the State of Nevada using ARPA funds. A contract with the

scanner has been signed, and file preparation has begun. This is anticipated to be a 4-to-5-year project and estimated cost is between \$3 million and \$4 million.

Carl Hasty, District Manager, Tahoe Transportation District:

The Tahoe Transportation District (TTD) is also a compact agency through a 1980 compact change created by Article IX of the compact. It is the only article of the compact that can be amended by the two states without having to go back to Congress. That was very purposeful, recognizing the changing nature of transportation over the years, and that has been done a number of times. There are about 11 different organizations involved in transportation in the basin; the two state departments of transportation, each local government, the TRPA, the TTD, and even some of the public utility districts are playing a role because they maintain and operate trails.

The TRPA has an important job in transportation with a broad spectrum of responsibility when it comes to land use, environmental thresholds, and ensuring that transportation is integrated with those. The TTD is here to implement. The TTD has a board of 14 and the TRPA has a board of 15, and there is some crossover. The TRPA and the TTD work together within the region to get things done.

Unlike the TRPA, the TTD was not set up in the compact to be a part of the state budget. It is a special fund organization and is limited because there is no dedicated funding source. The TTD has only been staffed since 2009. Thanks to some earmarks that lasted for about five years, the TTD was able to tackle some of the big contentious projects at Lake Tahoe that have been desired for a long time, including the Nevada State Line to State Line Bike Trail. A section has been constructed from Incline Village to Sand Harbor and some of the bonds mentioned today will fund the completion.

The transportation program as a whole for Tahoe is a discretionary program for regional transportation. There are not enough dedicated funds, so the TTD pursues federal funds and leverages monies. Transit is a pressing issue for the basin, with visitation especially; it has been for years. The direction of the compact is to deal with congestion and capacity issues for transportation via multimodal solutions—public transit, trails, and making Tahoe more bike and pedestrian friendly—not via expanding highways. It is through all those modes. Ultimately, what Tahoe is looking to do is have an integrated regional and interregional transit system. The TTD's authority allows going outside of the basin boundary for purposes of connecting to our drive-up markets and starting to provide an alternative mode for folks to get up to Tahoe without being in a car. That is a big goal, and it is a major part of the regional transportation plan for the TTD.

Through TRPA, the TTD is seeking \$676,500 over the biennium. The State of California provides about \$2 million through sales tax. This year it will be \$2.5 million for transit operations for TTD. The TTD is seeking to have Nevada help balance that out.

Assemblywoman Gorelow:

Please tell us about the current vacancy rate, staff turnover, the type of positions that are difficult to fill, and the requirements for those positions.

Christopher Keillor:

The vacancy rate is approximately 7 percent and the turnover rate is approximately 7.6 percent.

Julie W. Regan:

The cost of housing is a big issue for recruitment and retention. Exclusion from the Public Employees' Retirement System also hurts the ability to recruit staff from other public agencies.

Senator Harris:

Please give an update on the records digitization project, including anticipated resources needed and a timeline for completion.

Christopher Keillor:

The online applications are already digitized, and the agency is digitizing everything that comes through the door now. In terms of funding from the ARPA, that became available in the spring. The TRPA did a comprehensive competitive procurement and now has a person on contract to do the scanning. However, approximately 500 hours of agency time has already been spent pulling files and getting them ready. Those files that have the greatest impact and are most in demand for online usage are prioritized. There are 100 boxes of files ready to go that will be shipped out any day now. Depending on funding, it will likely take three to five years.

Senator Harris:

Do we know the operational costs that are going to be funded with the \$250,000 each year? Could you describe that?

Christopher Keillor:

It will mostly be contract costs to do the actual scanning. The ARPA funding is not usable for staff time, so right now the TRPA budget is paying for staff, approximately 1.5 FTEs. If the TRPA can get some General Fund money, that could cover staffing costs as well.

Julie W. Regan:

Tahoe is a basin with substantial assessed private property values. These files are critical to escrow closing, to research on properties, and to people doing everyday projects such as adding a bedroom when they have a new member of their family. The digitization of what the TRPA does is a core mission of its public service.

Assemblywoman Anderson:

It sounds like the reductions in the TRPA's annual appropriations have been significant. How has that impacted operations? Also, if approved, how will this funding be utilized?

Julie W. Regan:

The one-third to two-thirds share between Nevada and California has historically been an important measure of collaboration in the basin. Since the recession of 2007 or 2008, Nevada has not met the full one-third share. Fortunately, funds from California have remained consistent. Nevada has been active supporting the bonds, which has helped continue restoration, but the General Fund appropriation for TRPA has struggled. There are unfilled positions. When I started the agency in 2003, the head count was approaching 190 positions. Today, there are 68 positions. The Agency has been able to maintain a nimble workforce, and we have used process improvements, but we are at max capacity. Staff is hitting a wall.

Carl Hasty:

These funds will provide some stability on the General Fund side, particularly for some key administrative staff positions, keeping in mind succession and recruitment.

Assemblywoman Anderson:

This funding would mostly be for staffing and stability for training for the future; is that correct?

Julie W. Regan:

There are two separate asks. There is the money to fulfill Nevada's one-third share of the TRPA general fund, which would also support monitoring and research. The cost of contracts with UNR and DRI have continued to climb over the years, but the general appropriation has not. This funding would be for research monitoring and operational support.

The specific numbers for the TTD would support its operations and staff.

Assemblywoman Brown-May:

I love the focus on transportation and multimodal accessibility. Much of the transportation provided currently is free; what support framework is necessary to develop the transportation services in the Lake Tahoe basin? Could you also talk about user fees and commitments from the federal government and other partners? How are these fees being paid?

Julie W. Regan:

The general framework for transportation flows from the MPO function that TRPA enjoys. Monies are passed through from the federal government, which are substantial, but not nearly enough for our transportation implementation partners: on the north shore, Placer County implements the Tahoe Area Rapid Transit System and on the south shore, the TTD can speak

to its usage for transit. There are also new programs through federal investment. For example, the TRPA secured a congressionally designated funding contribution of \$2 million for the Highway 28 corridor investment. That is being programmed to support all the trails connecting the Sand Harbor facility up to the top of Spooner and also building a new inspection station at the top of Spooner for the invasive species program.

The TRPA often acts as a fiscal agent to pass monies to where they need to go, whether it be local government or the Transportation Management Association that runs the new microtransit system—the Lake Link—a free service like Uber in a van. The TRPA helps to support that overall; it is complicated and creates a lot of opportunities for excellent partnership and collaboration.

Carl Hasty:

Funding approaches vary around the basin in terms of the transit system. For example, Placer County has a large local input and dedicates about \$6 million per year of transit occupancy tax (TOT) to supplement transit operations. A lot of that TOT also becomes matching funds in pursuit of State of California or federal grants for capital projects. On the South Lake side, where the TTD operates, it is a bit different. However, the TTD is having great dialogue with the communities of Douglas County and the City of South Lake Tahoe about some dedicated TOT.

As Ms. Regan mentioned, the microtransit is the latest addition to integrating with mainline transit services to get that first/last mile to neighborhoods. The TTD is not unlike every other transit operation in the state or in the country, looking to the long term to build sustained sources that will keep up with expenses as growth continues.

Discretionary grants are much of what has been used for the bulk from the federal side. Match dollars from the local or private side are important for that. There are funding partners like the Tahoe Fund which provide some private funds to help leverage. All kinds of funding sources have been cobbled together. The need is driven by the user, so agencies are looking to the future. Putting these things in place continues to be part of the dialogue.

Chair Watts:

The TRPA is a unique independent agency. The Executive Budget included baseline funding, and all the enhancements discussed today—including getting back to the one-third share—are in addition to what is proposed in the Governor’s recommended budget, is that correct?

Julie W. Regan:

Yes. I want to thank the Governor's Office for continuing to work with us to look at an amendment to the budget regarding the future of the one-third share. The TRPA is working with the Governor's Office now. I also must thank the Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency and the Marlette Lake Water System

because it was involved in this budget question. As Mr. Hasty indicated, it is complicated with all the different funding sources.

Chair Watts:

Going back to the raises: the TRPA proposed 5 percent raises per year. There has been a proposal to do 8 percent and 4 percent for state employees. In the past, cost of living adjustments or pay increases for the TRPA were aligned with those of state employees; I want to confirm that is the intent.

Christopher Keillor:

Yes, the intent is to ask for no more and no less than state employees. The data has been provided to the LCB and the Governor's Finance Office to do that.

Chair Watts:

Are there any additional questions from the Subcommittees? [There were none.]

[Public comment was heard. [Exhibit E](#) and [Exhibit F](#) were submitted and will become part of the record.]

This meeting is adjourned [at 10:21 a.m.].

RESPECTFULLY SUBMITTED:

Anna Freeman
Committee Secretary

APPROVED BY:

Assemblyman Howard Watts, Chair

DATE: _____

Senator Dallas Harris, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a copy of the budget presentation titled “Budget Overview,” dated February 14, 2023, submitted by the State Department of Conservation and Natural Resources.

[Exhibit D](#) is a copy of the budget presentation titled “Tahoe Regional Planning Agency, Tahoe Transportation District,” dated February 14, 2023, submitted by the Tahoe Regional Planning Agency.

[Exhibit E](#) is public comment submitted by Judith Miller, Private Citizen, Incline Village, Nevada.

[Exhibit F](#) is public comment submitted by Ronda Tycer, Private Citizen, Incline Village, Nevada.