

Assembly

GOVERNMENT AFFAIRS COMMITTEE

1 - 0234

MINUTES OF THE MEETING

February 25, 1975

MEMBERS PRESENT: CHAIRMAN DINI  
VICE-CHAIRMAN MURPHY  
ASSEMBLYMAN CRADDOCK  
ASSEMBLYMAN HARMON  
ASSEMBLYMAN MOODY  
ASSEMBLYMAN FORD

MEMBERS EXCUSED: ASSEMBLYMAN SCHOFIELD  
ASSEMBLYMAN YOUNG

ALSO PRESENT: Audrey C. Harris, Nevada State Park Advisory Commission  
Mr. Gene Phelps, Nevada Highway Department  
Mr. Elmo DeRicco, Department of Conservation  
Mr. John Meder, Division of State Lands  
John Polish, Nevada State Assembly  
Mr. A.A. Bud Campos, State Parole and Probation Department

(The following bills were discussed at this meeting: A.B. 273, S.B. 102, S.B. 166, S.B. 106, A.B. 316, A.B. 250 and A.B. 311.)

Mr. Dini called the meeting to order. The Chairman stated that the that the first bill on the Agenda to be discussed was A.B. 273, which requires board of directors of department of highways to prepare and submit to the governor a proposed work program for ensuing fiscal year.

Mr. Gene Phelps, the business manager of the Nevada Highway Department testified with regard to A.B. 273. Mr. Phelps stated that what they were trying to do was to make this section in the law operative. Mr. Phelps stated that the budget was not done by counties. Only the system of cost for maintenance was done by county. Mr. Phelps stated that there were six districts and that the estimated maintenance costs are not accurate nor do they provide any useful information to the counties.

Mr. Dini asked if there were any questions.

Mr. Harmon asked who proposed the work program now.

Mr. Phelps stated that the Highway Department did.

Mr. Dini asked if there were any further questions, and if anyone else wished to testify on A.B. 273.

The next bill on the agenda was S.B. 102, which transfers management of real property acquisitions for Nevada state park system from system to division of lands of state department of conservation and natural resources.

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Mr. Elmo DeRicco stated that this bill was introduced at his request and distributed a copy of his testimony to the committee members, a copy of which testimony is attached to the minutes of this meeting and made a part hereof.

Mr. Dini asked Mr. DeRicco if the present methods in the park system were not adequate in the land acquisition area.

Mr. DeRicco stated that we do not have one person that is capable of delving into the land acquisition program. He stated that the division of parks is not equipped to handle it. They have only one engineer.

Mrs. Ford asked what type of acquisitions the parks department had been doing.

Mr. DeRicco stated that they have done no acquisitions. He stated that what they have are people who are responsible for title review, land description and for the general land responsibilities. He stated that the Deputy State Land Register has had vast experience in the area of real estate. Mr. DeRicco stated that he felt that his department has the best people they have. He further stated that they will still use consultants and appraisers and they will still have supervision over them.

Mr. Dini asked if there were any questions.

Mr. Murphy asked which department was better prepared to handle this, and if Mr. DeRicco felt that the Department of Conservation and Natural Resources was better able to handle this because they had better expertise.

Mr. DeRicco stated that he could achieve this program by administrative order. He stated that he could accomplish the same thing. He stated that the legislature should be fully aware of this program and if the program was worthy of implementation it should be authorized by both executive and legislative government. Mr. DeRicco stated that there would be one area in the department with the expertise to do acquisitions.

Mr. Dini asked if this amendment would tie it down pretty tight and if Mr. DiRocco had to have legislative intent.

Mr. DiRicco stated that they have always had to have that. He stated that in a hearing before the Government Affairs Committee of the Senate, they added that in the bill to insure that the legislature would not loose control. He stated that they had never contemplated making any change in that.

Mr. Dini asked if there were any further questions.

Mrs. Ford stated that she had concern that they might be giving Mr. Meder some kind of work that would take him away from land use planning which was created two years. She stated that that was not a very large department to begin with and that this would be a time consuming job.

Mrs. Ford asked Mr. Meder if he could see any problem.

Mr. Meder stated that he did not see any problem.

Mrs. Ford asked how many people he had in his department.

Mr. Meder stated that there were six all together.

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Mrs. Ford asked if the state lands office which was the Registrar had ever acquired lands in the past.

Mr. Meder stated that he did not know.

Mrs. Ford stated that the alternative has been that the parks department will hire a negotiator. She asked if that would be continued.

Mr. DiRicco stated that he did not see how that could be avoided. He stated that the burden should be taken off of the parks department.

Mr. Murphy asked Mr. Meder if there were two people in land records and Mr. Meder stated that that was correct.

Mr. Murphy asked if they would find that a good deal of time would be devoted to this program.

Mr. Meder stated that they had not gone through one of these programs. He stated that they had the deputy land registrar who is capable of doing this.

Mr. Murphy asked if that portion would pick up, if Mr. Meder would be tight for staff people, and if he would have to ask for more people to staff it.

Mr. Meder stated he was sure that this could be a possibility. He stated that there were usually funds provided for the mechanics of completing the acquisition. He stated that if it were to be a continuing program, it may be wiser to put full time personnel on.

Mrs. Ford asked why Mr. Cronkhite was not here to give his opinion on this bill.

Mr. DeRicco stated that he did not know.

Mr. Dini asked if there was anyone else who would like to testify in favor of S.B. 102. He then asked if anyone would like to testify against this bill.

Miss Audrey C. Harris of the Nevada State Park Advisory Commission next testified. Miss Harris distributed a copy of her testimony to the committee members, which testimony is attached to the minutes of this meeting and made a part hereof.

After Miss Harris had read her testimony, Mr. Dini asked if there were any questions.

Mr. Craddock asked Miss Harris if she knew why Mr. Cronkhite was not here. Miss Harris stated that she could not say, but that she would be able to find out why he was not here.

Mr. Murphy asked if S.B. 102 was passed by the Senate and if she had polled members of the State Park Advisory Commission.

Miss Harris stated that they concurred unanimously.

Mr. Dini asked Miss Harris if she would give the committee some background on Spring Mountain. Mr. Dini stated that there had been a lot of criticism on it.

Miss Harris stated that Mr. Lamb stated that they had paid too much for it. She stated that the property was very unique for Las Vegas, and that it worked out to about \$6,000 per acre. She stated that he thought that they should go to condemnation, but Miss Harris stated that condemnation does not always work to your advantage.

Mr. Dini asked if it was appraised and Miss Harris stated that it was.

Miss Harris stated that Mr. Bill Kimmel, the state appraiser had appraised it and said that it was worth this much.

Mr. Murphy asked if they had paid close to what Mr. Kimmel had appraised it at, and asked if she remembered what it was. Miss Harris stated that she did not remember specifically what it was.

Mr. Dini asked if there were any further questions. Mr. Dini stated that he did not think that this bill affects the ability of the Advisory Park Commission. He stated that he thought it merely changes the process of acquiring it.

Miss Harris stated that they would like it to be left as it is because they think that they have been doing a good job. She stated that Mr. Sheerin who is the Vice Chairman of the Board is in Southern California and that he would return some time during the first part of March and that he would be glad to give the committee any further information.

Mr. Dini asked if there were any further questions.

Mr. Gary Sheerin next testified. A Report to the Legislative Commission was distributed to the committee members, which report is attached to the Minutes of this Meeting and made a part hereof.

Mr. Sheerin stated that the acquisition of the ranch was the whole reason for this bill. He further stated that everyone wanted this ranch to be acquired. Mr. Sheerin stated that \$3.2 million was not the original appraisal. He stated that under the present budget system, the Parks Division is no longer required to put a figure on the land that they want to acquire. He stated that the bill has two arguments and that they were positive ones.

Mr. DiRicco stated that one of the arguments was to put acquisition only into another group and that it was a good objective. Mr. Sheerin stated that it was an undue affront on a state advisory board and that they did not need the comments of Senator Lamb.

Mr. Sheerin further stated that Mr. Di Ricci had good reasons, but that unfortunately it did have a negative connotation and was a slap in the face to the advisory board and for that reason he opposed it.

Mr. Dini asked if there were any further questions. Mr. May stated that he did not see any mandate requirements for appraisal. Mr. DiRicco stated that it was a mandatory requirement if federal funds are used. He stated that they must have appraisals.

Mrs. Ford stated that in an article two weeks ago, Mr. Lamb stated that it appears that the purchase of the ranch cost the state \$1,000,000 more than was needed.

Mr. DiRicco stated that he was not an appraiser, and that he did not want to evaluate the merits of the purchase. He further stated that Mr. Harmon or Mr. May could do a better job.

Mr. Dini asked if there were any further questions and stated that the next bill on the agenda was S.B. 166, which provides that local agreements between local government employers and employee organizations may extend beyond term of office of any member or officer of local government employer. Mr. Dini explained that Senator Raggio had explained the purpose of this bill.

The next bill on the agenda to be discussed was S.B. 106, which adds to sources from which state board of parole commissioners may accept grants and gifts for its programs. Mr. A.A. Campos of the State Parole and Probation Department testified on this bill. He stated that they had requested the bill because they have many offers from private groups to help them with various programs within the agency. These private groups have offered and given work and other things. He further stated that they have had small amounts of money donated for experimental type programs, and that they wanted legislative authority to accept the assistance offered by various organizations.

Mr. May inquired as to who had drafted the bill.

Mr. Campos stated that he had drafted it but that he had copied it from some previous existing legislation.

Mr. May questioned the use of the word "person" in the bill and Mr. Campos stated that he did not think it made any difference.

The next bill on the agenda was A.B. 316, which amends the new charter of the City of Caliente, making substantive changes and additions. Mr. John Polish testified and stated that the changes involved were minor things in the charter. He further stated that they wanted to get this going because of the elections.

Mr. Dini asked if there were any questions with regard to A.B. 316.

Mr. Dini then made a motion for an indefinite postponement of S.B. 102 which was seconded by Mr. Harmon.

Mr. Dini stated that he felt that this bill was an affront to the State Parks Advisory Board. Mr. Craddock asked what the vote on this bill was in the Senate. Mrs. Ford stated that it was 18 to 2. She stated that there were no members of the Park Commission there to testify and that she concurred with Mr. Dini's remarks. All of the committee members were in favor of the indefinite postponement of S.B. 102 with the exception of Mr. Young and Mr. Schofield who were not present at the time and who were excused from the meeting.

Mr. Dini moved for a "do pass" motion on S.B. 166 which was seconded by Mr. May. All of the committee members were in accord with the do pass motion and it was unanimously carried. Mr. Young and Mr. Schofield did not vote as they had been excused from the meeting.

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Mr. Dini made a motion for a "do pass" on S.B. 106, which was seconded by Mr. Harmon. All of the committee members were unanimously in favor of the motion. Mr. Young and Mr. Schofield did not vote as they had been excused from the meeting.

Mr. Dini moved for a "do pass on A.B. 316 which was seconded by Mr. Harmon. All of the committee members were unanimously in favor of the motion, Mr. Young and Mr. Schofield not voting, as they had been excused from the meeting.

The next bill to be discussed was A.B. 273. Mr. Dini asked why the word "budget" was taken out. Mr. May stated that it would give the counties a better look at the work that was proposed. Mrs. Ford stated that the budget was made up of districts and not county by county.

Mr. Dini made a motion for a "do pass" on A.B. 273 which was seconded by Mrs. Ford. All of the committee members were unanimously in favor of the do pass motion and it carried unanimously, Mr. Young and Mr. Schofield not voting as they had been excused from the meeting.

Mrs. Ford asked the Chairman if we could have on the agenda for March 4, 1975, A.B. 250 and further stated that we could add A.B. 311. Mr. Dini stated that we would try.

There being no further business to come before the meeting, it was adjourned.

Respectfully submitted,

Barbara Gomez,  
Committee Secretary

ASSEMBLY

AGENDA FOR COMMITTEE ON GOVERNMENT AFFAIRS  
 Tuesday

0233

Date February 25, 1975 Time 8:00 AM Room 214

Bills or Resolutions to be considered	Subject	Counsel requested*
/ A.B. 273	Requires board of directors of department of highways to prepare and submit to governor a proposed work program for ensuing fiscal year.	
/ S.B. 102	Transfers management of real property acquisitions for Nevada state park system from system to division of lands of state department of conservation and natural resources.	
/ S.B. 166	Provides that agreements between local government employers and employee organizations may extend beyond term of office of any member or officer of local government employer.	
/ S.B. 106	Adding to sources from which state board of parole commissioners may accept grants and gifts for its programs.	

\*Please do not ask for counsel unless necessary.





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STATE OF NEVADA

# Department of Conservation and Natural Resources

OFFICE OF THE DIRECTOR  
CARSON CITY, NEVADA 89701

0241

February 24, 1975

## MEMORANDUM

TO: The Honorable Joseph E. Dini, Jr.  
Chairman, Assembly Government Affairs Committee

FROM: Elmo J. DeRicco *EJD*

SUBJECT: S.B. 102 - Relating to the Nevada State Park System, Transferring management responsibility for real property acquisition from the system to the Division of Lands of the State Department of Conservation and Natural Resources; and providing other matters properly relating thereto

I am Elmo J. DeRicco, Director, Department of Conservation and Natural Resources.

S.B. 102 was introduced at my request for the purpose of improving efficiency, eliminating errors and using the expertise available within the Department of Conservation and Natural Resources, and its Divisions, in the State Park acquisition program.

The method of determining parcels of land to be acquired for park purposes will not be changed. The administrator of the Division of Parks, with the assistance of the State Park Advisory Commission, will make recommendations to the administration on those parcels to be acquired.

The administration's action will be reflected in the executive budget submitted to the Legislature.

The Legislature will take final action on the requests.

After a project has been approved, the mechanics of acquisition will be changed. In the past the Division of Parks has contracted directly with consultants for acquisition of lands.

Memorandum to The Honorable Joseph E. Dini, Jr.  
Chairman, Assembly Government Affairs Committee

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This legislation proposes to place the burden of acquisition within the Division of Lands where expertise exists to deal with land acquisition programs.

The alternative to this legislation would be to develop land acquisition expertise within the Division of Parks. It would duplicate existing capability in the State Land office and would not provide for the best efficiency. In addition, with two separate agencies working on the program, a check and balance system will be created.

Funding for the program would come from the Division of Parks. The administrators of the Division of Lands and the Division of Parks would work out the details on each acquisition.

I would be happy to answer any questions you may have on this bill.

EJD:m

Mr. Chairman: My name is Audrey C. Harris, member of the Nevada State  
Park Commission.

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We do want to thank the members of your Committee on Government Affairs for allowing us to come before them to state our reasons why we oppose Senate Bill 102.

Senate Bill 102 is a bill introduced by the Senate Committee on Government Affairs and requested by Elmo J. De Ricco, Director of Conservation and Natural Resources, to transfer management process of real property acquisitions for Nevada State Park System ~~from System~~ to Division of Lands of State Department of Conservation and Natural Resources. S. B. 102 was passed by the Senate on February 10, 1975 without the knowledge of the State Parks Advisory Commission. We were not asked, or given the courtesy, to appear before the Senate Committee to discuss this matter that vitally concerned this Commission.

In December 30, 1969, I was appointed to fill the unexpired term of Mrs. Louise Marvel of Battle Mountain by the then Governor, Paul Laxalt. I was reappointed on May 18, 1970 to a four year term and Governor Laxalt in his letter to me stated that he felt I was most qualified for this important position and that I would render a great service to my State. On May 18, 1974 I was reappointed by Governor O'Callaghan for another four year term expiring in 1978. I wrote Governor O'Callaghan that I was honored to serve, with the other dedicated members, and would do my utmost to reflect credit upon him and the people of the State of Nevada.

We think the intent of this Bill is not to provide for efficiency and improvement in the State Park land acquisition program but was rather devised as an affront to the capabilities of the State Park System administration and its staff, and particularly to the State Park Advisory Commission.

This Bill, as proposed, would only add to the bureaucratic process for acquiring land by adding another agency's involvement and is not needed.

The Director of the Department of Conservation and Natural Resources, Mr. De Ricco has authority under existing law to approve State park land acquisitions and to bring about any coordination which is needed between the Division of State Parks and the Division of State Lands.

The Director is totally responsible for the activities and programs of the divisions under him. Surely he must be aware of the State Park System's land acquisition program. Therefore, we assume that the expertise of Mr. De Ricco and members of his staff were also involved in the complexities of the Spring Mountain Ranch (Krupp Ranch) purchase and other park bond acquisitions. It seems to us that Mr. De Ricco should be vigorously supporting the land purchase which has been justified by comprehensive appraisal reports and review. The Advisory Commission supported Mr. Cronkhite in the decision to purchase the Spring Mountain Ranch and we feel that Mr. De Ricco should do the same.

We would not like to see the present harmonious relationship between the Administrator and the Park Commission changed. We of the Nevada State Park Advisory Commission wish you to know we have the highest respect for our Administrator, Eric Cronkhite. He is a man of high moral character, loyal and honest. His dedication to and his knowledge of the Nevada State Parks is outstanding.

The staff of the State Park System and the State Park Advisory Commission has the knowledge and integrity to make decisions pertaining to the State Park System; these decisions ultimately reach the Governor's office for his consideration. We, therefore, request your continued confidence in the staff of the State Park System and your State Park Advisory Commission members by not passing S. B. 102.

Thank you very much for your courtesy and consideration.

*Cecelia B. Harris*

I might add here that the State Park Advisory Commission single-handedly, by speaking to groups and organizations, obtained the approval of the voters of the State of Nevada, for the \$5,000,000.00 bond issue and we wish to acknowledge the fine cooperation of the news media.

REPORT TO THE LEGISLATIVE COMMISSION

Spring Mountain Ranch Acquisition  
Red Rock Canyon - Clark County

Prepared by the  
Office of Fiscal Analysis  
April 18, 1974

### Spring Mountain Ranch Acquisition

The Legislative Commission at their meeting on March 11, 1974, directed the Office of Fiscal Analysis to review the circumstances surrounding the purchase by the State Parks Division of the Spring Mountain Ranch located in Red Rock Canyon in Clark County. This report is being submitted in accordance with that directive. It is organized as follows:

1. Background information on the land acquisition program.
2. Data on actual land acquisitions to date.
3. Distribution of bond funds showing remaining balances.
4. Projections for the use of the remaining funds.
5. History and description of the Spring Mountain Ranch.
6. State Parks Division negotiations.
7. Findings and conclusions.

#### Parks Land Acquisition Program Approved by the 1973 Legislature and the Legislative Commission

The 1973 Legislature approved state funding of \$1,889,898 for the State Parks land acquisition program. This state funding consists of a \$1.8 million bond issue and a general fund appropriation of \$89,898. The total amount approved for the purchase of land was \$1,814,898 with \$75,000 being approved for acquisition costs (legal fees, appraisals, court costs, etc.). This acquisition program was also approved by the Legislative Commission at their meeting on October 2, 1973.

The purchase of land in Red Rock Canyon in Clark County was one of the acquisition programs approved which included the Spring Mountain Ranch consisting of 528 privately owned acres. The purchase of this ranch was to be funded 50% from state funds and 50% from federal land and water conservation moneys. In addition to the Spring Mountain Ranch parcel, additional private and public acres in Red Rock Canyon had been approved for purchase. The following is a schedule of the park land acquisitions approved by the Legislature and the Legislative Commission showing the estimated acreage and funding breakdowns.

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State Park Property Acquisition - 1973-75  
As Approved by Joint Action Taken by Senate Finance and Assembly  
Ways and Means Committees  
and by the Legislative Commission

<u>Park</u>	<u>Acreage</u>		<u>Funding</u>		
	<u>Public</u>	<u>Private</u>	<u>State</u>	<u>Federal</u>	<u>Total</u>
Beaver Dam - Lincoln County	6,720	160	\$ 96,800	\$ 80,000	\$ 176,800
Berlin Ichthyosaur - Nye County	800		2,000		2,000
Bristol Wells - Lincoln County	120	120	3,300	3,000	6,300
Cathedral Gorge - Lincoln County	380		950		950
Colorado River - Clark County	25		63		63
Eagle Valley - Lincoln County	2,694		6,735		6,735
Echo Canyon - Lincoln County	160	240	30,400	30,400	60,800
Fort Churchill - Lyon County	480	11	7,200	6,000	13,200
Fort Shellbourne - White Pine County		440	220,000	220,000	440,000
Grimes Point - Churchill County	720		1,800		1,800
Kershaw Ryan - Lincoln County	1,500	60	33,750	30,000	63,750
Lahontan - Churchill County		600	300,000	300,000	600,000
<del>Red Rock Canyon - Clark County</del>	<del>5,000</del>	<del>800</del>	<del>742,000</del>	<del>730,000</del>	<del>1,472,000</del>
Rye Patch - Pershing County		600	175,000	175,000	350,000
Potosi-Yellow Plug - Clark County	320		800		800
Spring Mountain - Clark, Nye County	7,760		19,400		19,400
Valley of Fire - Clark County	30,880		77,200		77,200
Ward-Willow - White Pine County		195	97,500	97,500	195,000
Acquisition Costs			75,000		75,000
Totals	57,559	3,226	\$1,889,898	\$1,671,900	\$3,561,798

The State share is to be funded as follows:

1. A General Fund appropriation of \$89,898 for acquisition of real property, for legal fees, court costs, appraisals, publications, and other costs attendant with the acquisition of real property.
2. General obligation bonds in the amount of \$1.8 million to be included as a part of the 5 million dollar bond proposal approved in the 1970 general election.

Purchase of Spring Mountain Ranch

On January 17, 1974, purchase of the Spring Mountain Ranch in Red Rock Canyon was accomplished with a 60 day escrow period. The purchase price was \$3.25 million with \$1,625,000 coming from state funds and the balance coming from federal funds. On March 15, 1974, a check for full payment was delivered to the owners of the ranch, Mr. Fletcher Jones and Mr. William Murphy.

As a result of this purchase, there will now be \$883,000 less than was anticipated in state money for the remainder of the approved land acquisitions, as is shown below.

Use of State Funds for 1973-75 Park  
Land Acquisitions\*

<u>Parks</u>	<u>Estimated Cost</u>	<u>Actual Cost</u>	<u>Difference</u>	<u>Percentage Difference</u>
Red Rock Canyon	\$ 742,000	\$1,625,000	+ \$883,000	+119.0%
All others	1,072,898	189,898**	- 883,000	- 82.3%
Totals	\$1,814,898	\$1,814,898	--	--

\*Excluding acquisition costs

\*\* Funds now available

Remaining Land Acquisition Funds

The 1971 Legislature approved a \$2 million bond issue for state funding for land acquisition and there still remains \$124,694 from this issue. Adding this amount to the \$189,898 now remaining from the 1973 program, there is \$314,592 in state money available for the balance of the acquisition program. This figure is exclusive of remaining acquisition moneys for legal and court costs, appraisals, publications, etc. estimated to be approximately \$18,000. The following is a recapitulation of the park lands purchased with the \$2 million bond funds as approved by the 1971 Legislature and the \$1,889,898 bond and general fund moneys approved by the 1973 Legislature.



1-0249

LAND PURCHASED  
 1971 Legislature (\$2.0 million bond issue)  
 ACCOUNT 4213

LOCATION	ACRES	\$ STATE BONDS USED	FEDERAL FUNDS USED	TOTAL ACQUISITION COST
<u>Washoe Lake S.P. (Washoe Co.)</u>				
Purchase of J.S. Bar Ranch mostly along east side of Washoe Lake - vacant.	1,886 (\$963 per acre)	\$ 907,700	\$ 907,700	\$1,815,400 (by appraisal)
<u>Washoe Lake S.P. (Washoe Co.)</u>				
Purchase from List family - southern end of Lake - vacant.	744 (\$950 per acre)	\$ 353,300	\$ 353,300	\$ 706,600 (by appraisal)
<u>Echo Canyon S.R.A. (Lincoln Co.)</u>				
Purchase adjacent to Echo Canyon State Recreation Area - Lincoln Co. vacant.	240 (\$250 per acre)	\$ 30,000	\$ 30,000	\$ 60,000 (by appraisal)
<u>Spring Valley S.P. (Eagle Valley) (Lincoln County)</u>				
Purchase adjacent to Spring Valley S.R.A. - Lincoln Co. - includes ranch buildings, water rights, and AUM's.	814 (\$399 gross per acre) (\$299 net per acre)	\$325,000 gross purchase price \$ 81,616 less sale of AUM's \$243,384 net purchase price		\$ 243,384 (by appraisal)
<u>Valley of Fire S.P. (Clark County)</u>				
Addition of BLM land to Valley of Fire S.R.A. - Clark County - vacant	7,240 (\$2.50 per acre)	\$ 18,100		\$ 18,100 By recreation and Public Purposes Act

0250

LAND PURCHASED  
1971 Legislature (\$2.0 million bond issue)  
ACCOUNT 4213  
(Continued)

LOCATION	ACRES	\$ STATE BONDS USED	FEDERAL FUNDS USED	TOTAL ACQUISITION COST
<hr/>				
Pine Creek (Red Rock Canyon Rec- reation Lands, Clark Co.)				
Canyon inholding within Red Rock Recreation Area/Clark County - vacant.	80 (\$5,613 per acre)	\$ 224,500	\$ 224,500	\$ 449,000 (By Court Order)
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LAND ACQUISITION COSTS	---	\$ 98,322	---	\$ 98,322
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TOTAL	11,004	\$1,875,306	\$1,515,500	\$3,390,806
Balance Remaining from \$2 million bond issue		<u>\$ 124,694</u>		

0251

LAND PURCHASED  
1973 Legislature (\$1.8 million bond issue  
and \$89,898 general fund appropriation)  
ACCOUNT 4215

LOCATION	ACRES	\$ STATE BONDS USED	FEDERAL FUNDS USED	TOTAL ACQUISITION COST
<u>Spring Mountain Ranch</u> (Red Rock Canyon R.L., Clark Co.)				
Ranch inholding within Red Rock Recreation Area/Clark County. Includes water rights and ranch buildings.	528 (\$6,155 per acre)	\$1,625,000	\$1,625,000	\$3,250,000 (by appraisal)
TOTAL	528	\$1,625,000	\$1,625,000	\$3,250,000
Balance Remaining from \$1.8 million bond and \$89,898 general fund appropriation	\$264,898			
Less acquisition costs	<u>- 75,000</u>			
Balance remaining for other park land	<u>\$189,898</u>			

To date, expenditures, excluding acquisition costs, from both bond issues have been distributed among three counties in the state: Clark, Washoe and Lincoln. Below is a dollar and percentage breakdown of these expenditures:

<u>Counties</u>	<u>Expenditures</u>	<u>Percent of Total</u>
Clark	\$1,867,600	55%
Washoe	\$1,261,000	37%
Lincoln	\$ 273,384	8%

#### Proposed Use of the Remaining Land Acquisition Funds

The State Parks Division has projected the use of the remaining state funds as follows:

1. \$100,000 to be allocated for the purchase of Bureau of Land Management land. Since they are not certain as to exactly which lands these might be, they propose purchasing the lands as they become available within the land areas authorized by the Legislature.
2. Approximately \$200,000 to be matched with \$200,000 of federal funds to acquire private lands. As a first priority, inholdings at Eagle Valley in Lincoln County, at Lahontan Reservoir<sup>1</sup> in Lyon and Churchill Counties, and at Fort Shellbourne in White Pine County will be purchased.
3. In the event land purchase at the three sites listed above is not possible, or does not consume the available funding, the program will be focused on alternate authorized areas including Rye Patch Reservoir<sup>2</sup> in Pershing County; Bristol Wells, Beaver Dam and Kershaw-Ryan in Lincoln County; and Fort Churchill in Lyon County. These lands are not listed by priority, but would be purchased on a feasibility basis.

#### History of the Spring Mountain Ranch

According to information available, this ranch was originally developed by James B. Wilson, who acquired portions of it by various patents between 1884 and 1902. It was sold to Willard George in 1928, and additional patents were recorded in 1932. The next owner was Sadie Clayton, who acquired it in 1933, and later conveyed it to the Sandstone Land and Cattle Company in 1943. Chester Lauck (Lum of Lum and Abner fame) next acquired the property in 1944 and, in turn, sold it to Vera Krupp in 1955. It was acquired by the Hughes Tool

<sup>1</sup>Acquisition at Lahontan would be contingent upon completion of a long-term agreement between the Bureau of Reclamation and the Truckee-Carson Irrigation District.

<sup>2</sup>Acquisition at Rye Patch would be contingent upon completion of a long-term agreement between the Bureau of Reclamation and the Pershing County Conservation District.

Company on June 19, 1967, and sold to Fletcher Jones and William Murphy on October 20, 1972.

The reported purchase price paid by the Hughes Tool Company in 1967, is approximately \$700,000. According to the appraisers, information gathered regarding the transaction between the Hughes Tool Company and Vera Krupp indicates that this was some what of a forced sale. They indicated that it was rumored that the previous owner was about to be foreclosed and accepted something over the amount owing rather than a loss to the lender. It should be pointed out that in October of 1966, Vera Krupp was negotiating with Clark County and the Federal Government for the sale of the Spring Mountain Ranch. Her asking price, at that time, was \$1,110,000 (see Attachment A). This sale never materialized and she then sold the ranch to the Hughes Tool Company on June 19, 1967.

The reported selling price from the Hughes Tool Company to Fletcher Jones and William Murphy in 1972, was estimated to have been \$1 million. The appraisers indicated that this was not an open market sale, since the property had not been adequately exposed on the open market. This was reportedly because of the need of the Hughes Tool Company for cash to pay off a substantial court judgement. The additional motive was to keep the transactions reasonably secret to avoid adversely affecting, in any manner, other investments of this company in the greater Las Vegas area. These statements could not be confirmed by the appraisers, however, a letter has been written to the Hughes people in an attempt to confirm them. As of this date, no response to this inquiry has been received by this office.

#### Location and Description of Spring Mountain Ranch

The Spring Mountain Ranch is located west of Las Vegas in what is known as "Red Rock Canyon". The entrance to the ranch is approximately 22 miles from the intersection of Charleston Boulevard and Main Street in Las Vegas and is situated in what is possibly the most scenic area surrounding the greater Las Vegas metropolitan district. Mount Charleston and the Spring Mountains provide a very effective contrast to the typical desert terrain of Las Vegas and other surrounding mountains within the area.

Further enhancing the scenic beauty of the area is the protection offered by the fact that the greatest majority of the land, in the general area, is owned by the Federal Government under jurisdiction of the Bureau of Land Management. Another attribute of the property is its available water supply said to be in excess of one million gallons per day. In addition, electricity and telephone is available on the ranch property.

As found by the appraisers, the property can be said, then, to possess several desirable features for a residential development. They include a very scenic area, attractive desert surroundings, suitable typography providing most areas with a view of the scenery, protection from encroachment of inharmonious elements, a scarcity of competing lands, reasonable proximity to a rapidly growing urban area and an adequate and easily developable source of water.

### State Parks Division Negotiations

In the Spring of 1973, the owners, Fletcher Jones and William Murphy, submitted a master plan for a subdevelopment to the Clark County Planning Commission along with a request to change the zoning from one dwelling per two acres to two dwellings per acre. The planning commission did not take any action on this request, at that time, since there were some unanswered questions concerning water supply, sewer provisions, entrance roads and so on. A future hearing was scheduled to provide the answers to these questions.

Environmental groups, including State Parks and interested individuals, attended the planning commission hearing. These groups protested the subdevelopment plan on the basis that this property was included in a master plan for the Red Rock Recreation area and, therefore, should not be developed, but retained for the use of the citizens. The property owners did prepare a second master plan for a second hearing, however, they withdrew it because of the public relations involved.

On June 25, 1973, the State Parks Division entered into a contract with an independent appraiser for an appraisal for the Spring Mountain Ranch. This appraisal was submitted to the Parks Division on July 10, 1973, and amounted to \$1.5 million. This appraisal was based upon the highest and best use of the land which is defined as:

That use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. That legal use which will yield to land the highest present value. Sometimes called optimum use.

The highest and best use of the land was determined to be potential development land and the appraiser used the existing zoning which allowed for one dwelling per two acres with no speculation as to the possibility of a higher density zoning being permitted. This appraisal was reviewed by an outside independent appraiser who noted that the highest and best use of the land had not been presented adequately by the initial appraiser and, on this basis, recommended another qualified appraiser to be contracted to prepare another fully independent appraisal. A copy of the appraisal review of the initial appraisal is attached as Attachment B.

In the meantime, the owners of the ranch property scheduled an auction for the land for August 7, 1973, to take place in Los Angeles. They had prepared an elaborate brochure for this purpose and, in addition, used extensive advertising. The auction was cancelled after the state opened negotiations with an offer of \$1,260,000 which was rejected by the owners on July 25, 1973. The auction was cancelled for 90 days pending the state acquiring an additional appraisal and, in consideration for this cancellation, the state agreed to withhold any condemnation proceedings at that time.

The second appraisal by the state was secured from a Ben E. Stanton on October 1, 1973. The appraised value arrived at in this appraisal was \$2,150,000. This appraisal was also subjected to an outside independent appraisal review (Attachment C) and accepted as technically correct. An offer of \$2,150,000 was made to Fletcher Jones and William Murphy on November 15, 1973, which was refused because they felt the ranch was worth as much as \$10,000 per acre.

The state again agreed to withhold condemnation proceedings for at least 45 days or until the owners had their own appraisal made by an appraiser or appraisers whose qualifications and experience were satisfactory to the state. The reasons given for doing this were that the two appraisals secured by the state were too far apart in value. The first appraisal was too low because the highest and best use of the land had not been presented adequately and the Stanton appraisal had used a completely hypothetical zoning for the highest and best use of the property and not the legal highest and best use.

The appraisal for the owners was done by an appraisal firm of Bair and Webb and was submitted on December 28, 1973. The appraised value determined by this appraisal firm was \$4.1 million (see Attachment D). It should be pointed out here that this same appraisal firm conducted an appraisal for the owners approximately 1 year earlier on the same land and arrived at a fair market value of \$2,350,000 (see Attachment E). According to information provided by the Parks Division, the reason for this large discrepancy in values was because the first appraisal considered existing utilization and did not project the use of the property to its highest and best use. The second appraisal did and that use was determined to be potential subdevelopment property. A letter from this office has been written to Fletcher Jones in an attempt to verify this information.

The Bair and Webb appraisers included in both of their appraisals information regarding an appraisal made for the Bank of Nevada of the Bonnie Springs Ranch. This ranch lies adjacent to the Spring Mountain Ranch and location factors are identical. In September of 1972, an appraisal for an improvement loan was made for the Bank of Nevada, Las Vegas which reflected a value of \$6,000 per acre, which included all improvements (see Attachment F) for the Bonnie Spring Ranch.

The next step in the negotiations process was to have an outside independent appraiser review both the second appraisal done for the state by Mr. Stanton and the appraisal done for the owners by Bair and Webb. This review appraisal was done by Mr. William Kimmel and is attached as Attachment G. Mr. Kimmel was not asked to set a value, but based on his experience and judgement, to set a range of values which could be negotiated within, based upon the two appraisals. Mr. Kimmel indicated in his review the following considerations pertaining to both reports.

1. Both appraisers had been quite thorough in their investigation and analyses of the subject property.
2. Both appraisers relied quite heavily on the development approach, regardless of the necessity of relying on a large number of assumptions.

3. Both appraisers agreed that, although the property itself was a recent sale, the purchase price had no bearing on the present value, as it was not indicative of a normal arms-length transaction.
4. Mr. Stanton's appraisal assumed a profit requirement of 50% based on land costs. This is not the history of recent developments, 18% to 25% being more the accepted profit requirement.
5. Mr. Bair's report showed the prices of individual lots higher than existing lot sales within the Las Vegas area and, although the beautiful setting, lakes, streams, pastures and so on would increase the lot prices, he still could not justify the prices shown.
6. Mr. Stanton's report did show four sales of relatively large parcels of bare land, all available for development, in the value range from \$5,900 to \$6,500 per acre. Even though these parcels do allow for higher density building, it is offset by the amenities of the subject property and these are really the only parcels which came close to being true comparables within the Las Vegas area.
7. Mr. Kimmel felt that, taking into consideration the above points, as well as many more, which he has gone into in depth in his report, the value lays somewhere between Mr. Bair's \$7,765 per acre and Mr. Stanton's \$4,100 per acre price and his review estimated values of between \$5,500 to \$6,500 per acre for the land.

Based upon all of these appraisals and the reviews of these appraisals, the Parks Division on January 15, 1974, made an offer to Fletcher Jones and William Murphy of \$3,250,000 for the purchase of the Spring Mountain Ranch. This offer was accepted on January 16, 1974, and a contract to purchase was entered into on January 17, 1974. This price amounts to \$6,155 per acre when both land and structural improvements are considered and without structural improvements, estimated to be \$332,000, amounts to \$5,526 per acre.

In the Red Rock Canyon area the state also acquired private holdings of 80 acres commonly known as the Pine Creek Ranch. This property was acquired after lengthy negotiations had failed and the state filed a condemnation action. During these negotiations for Pine Creek, the state had offered \$320,000 and the owner was demanding \$550,000. As the court trial progressed, it became apparent that the true value was somewhere between the state's offer and the owner's demand and upon an agreed statement of facts and after being fully advised, the court set the value at \$449,000 and ordered the state to pay that amount. The \$449,000 paid for the Pine Creek Ranch, divided by 80 acres, gives that land a value of \$5,612 per acre. Pine Creek is 30% to 40% undevelopable, has very limited access, no utilities and an intermittent stream flow. The Spring Mountain Ranch, however, has excellent access, all utilities in, abundant water, two lakes developed and over 80% usable land. The acquisition price, without consideration of structural improvements, is \$86 less per acre than the Pine Creek acquisition.



Findings and Conclusions

1. Neither the appraisers nor the Parks Division placed much value upon the two previous sales of this ranch. They concluded that these sales were not indicative of normal arms-length transactions since the property had not been readily available on the open market for purchase nor had there been any appraisals acquired. As stated earlier, the circumstances surrounding these sales, and also regarding rumors of other offers for sale, have not been confirmed and, due to the confidential nature of this information, may not be able to be confirmed.
2. Regardless of these previous sales, when the state began negotiations for purchase, appraisals were required to determine the fair market value. Two appraisals for the state were acquired with a review appraisal for each. In addition, an appraisal for the owners was acquired which was also reviewed by the state. This review of the owners' appraisal was done in conjunction with a re-review of the second appraisal acquired by the state and a range of values was then determined.
3. In order to determine the fair market value, the highest and best use of the land had to be determined. All appraisers and review appraisers agreed that this use was potential subdevelopment property. They, therefore, had to rely on the development approach to value necessitating a large number of assumptions in order to arrive at a value for the land.
4. Even though there were large differences between appraised value, the Parks Division chose not to condemn the property because of the court judgement issued on the Pine Creek Ranch. This judgement was \$86 per acre, without considering the structural improvements, higher than what was paid for the Spring Mountain Ranch.
5. The approved 1973-75 Parks land acquisition program has been severely limited due to the expenditure of 89% of the state funds for the Spring Mountain Ranch, whereas it had been estimated that approximately 40% of the total approved state funding would be required for this ranch.
6. Except for total expenditures, the Parks Division was not statutorily bound to the specific land acquisition program as approved by the 1973 Legislature and by the Legislative Commission. However, the Legislature had not intended that the majority of state funds be expended for this one parcel of land at the expense of the others.
7. In summary, the Parks Division went through a rather elaborate appraisal and negotiations procedure for this parcel of land. They determined that the negotiated price of \$3.25 million was a fair value to pay in order to prevent sub-development in this area and preserve the land for the use of the citizens. This, they did at the expense of other approved park acquisition programs in the State of Nevada.