

Assembly

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MINUTES

WAYS AND MEANS COMMITTEE - NEVADA STATE LEGISLATURE - 58th SESSION

March 6, 1975

The meeting was called to order by Chairman Mello at 8:00 A.M. in the Ways and Means Committee Room.

PRESENT: Chairman Mello, Mr. Bremner, Mrs. Brookman, Mr. Dreyer, Mr. Glover, Mr. Howard, Mr. Robinson, Mr. Weise and Mr. Wittenberg.

ALSO PRESENT: Elmo DeRicco, John Richardson, Bill Wood, Eric R. Cronkhite, and Bill Kimmel.

Mr. Walter Cronkhite explained the Division of State Parks (page 519) and stated that the funds they are requesting are for administration of offices and operational maintenance. They are requesting five new positions: one and one-half senior clerk typists for the State office and one-half senior clerk typist for the District office. Also two maintenance personnel and one person for patrol. The travel funds provide money for the trips to the parks.

Operation funds are needed to maintain an existing level of operation due to inflation.

Trucks - they have two trucks they would like to replace and also purchase a new one.

The Office Furniture would be for the replacement of old furniture and for the new positions.

Other Office Equipment would provide for law enforcement equipment, first aid equipment, radios and general tools.

They had requested 34 new positions and the Governor recommended 5. Mr. Cronkhite stated that the 29 positions were cut due to the \$9 million Capital Improvement.

The Contractual Services would provide for the replacement of displays at the Valley of Fire Visiting Center that were damaged due to the lack of heating and air-conditioning. This would also provide for a consultant and brochures.

Improve Structure Attached Fixtures would provide for the replacement of permanently fixed objects to a building if there is a need.

The Dues and Registration are funds for organizations that State Parks belong to as an organization, and periodicals.

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John Richardson explained the State Park Planning and Development budget (page 525). He stated that the Planning and Development section is responsible for developing plans for capital construction, construction inspections, and developing master plans.

The Out of State travel would be used to conduct preshipment inspections of equipment to be used in conjunction with park development and conduct meetings with consultants. The In-State travel would be used to conduct topographic and engineering surveys; develop site and construction plans; provide construction stake-out; supervise and inspect construction of park facilities; and coordinate all construction work.

Operating funds would be used to purchase the day-to-day supplies for production type work; printing and reproduction; and for dues and registration fees for associations, meetings and training sessions.

The Equipment would be office furniture, drafting and engineering equipment; and special photo equipment for maintaining data files and construction records.

Training would provide personnel to be kept up to date on new methods and materials used; construction of planning and safety seminars.

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The Land and Water Conservation Program was explained by Mr. Richardson. Chairman Mello stated that there is a One-Shot appropriation of \$110,000 SB 164. Mr. Richardson stated that this would be two more programs: the Land and Water Conservation program and the Park Historic Preservation Program. The funds requested would provide for the development of two comprehensive plans administered by two different agencies and are both 50% matching grant programs. The money that has been received for this program was used to contract a firm to develop total plans in accordance with guidelines that have been established. Mr. Robinson wanted to know why the plans submitted to the Federal Government were unacceptable. Mr. Richardson stated that the first plan received five years eligibility and the years of eligibility have been declining since due to the lack of staff and money. They have not been able to develop a plan according to guidelines and have received fewer years of eligibility. Because they are on a biennium, they received two years. He stated the eligibility period is what is not acceptable. They need more money to get outside experts. Mr. Robinson stated maybe they should just close out the Planning Department and just use contracts. Mr. Richardson stated that this was not their only duty, and they do not have the time to develop a comprehensive plan. Mr. Robinson stated he felt it was a question of the quality of experts since they cannot come up with a plan without spending \$110,000. Mr. Richardson stated that Planning State Parks is their responsibility. Comprehensive plans are the tools for the entire state. They work together to provide park activities for all people to avoid duplication. They also provide the necessary ingredients outlined in Federal Government.

They are requesting two new positions: a Park/Rec Planner I and a Park/Rec Planner II. They will supervise and assist the development of the plan. They are required to handle the increased grant program and to ensure federal requirements are met.

The In-State travel funds will be used to make site inspections of existing and proposed projects and assist in developing the Statewide Plan.

The Out-of-State travel monies are allocated to be used to attend meetings directly related to administering the SCORP and/or the Grants-in-Aid program.

The Operating expenses are primarily for publications and contract services. The other expenses include day-to-day supplies, duplication, etc.

The training funds would be used to attend workshops, classes, and special courses directly related to the program.

Chairman Mello stated that \$12,620,552 has been spent for planning, acquisition and development of outdoor recreational facilities throughout the state.

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He explained the Historical Preservation program (Page 529). This is a 50-50 matching program. The funds from the budget will assist in the development of the plan and assist individuals, historical societies, political subdivisions and other state agencies in obtaining Historic Preservation grants.

The Out-of-State travel monies are allocated to attend the annual workshop and State Historic Preservation Officers meeting in Washington, D.C. The In-State travel funds will be used to make site inspections of existing and proposed projects.

The Operating funds are for day-to-day operating expenses and the development of manuals and contract services.

The Review Committee Expense would provide the Historic Preservation Review Committee, which is appointed by the Governor, to review nominations and advise the staff on funding of historical projects. There are 13 members who should receive travel expenses to one meeting a year.

The Virginia and Truckee Railroad was explained by Bill Wood (page 531). These funds are required for security and fire protection of equipment. The agency has provided security services for both the Mound House storage area and the south Carson storage area. Two additional locomotives have

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been purchased with State funds and federal matching. This recommendation provides a minimum level of funding necessary to temporarily protect the State investment in the equipment. Additional monies are recommended in 1976-77 to provide staff travel funds and contract services monies to transport the two recently acquired locomotives from Promontory Point, Utah to Carson City.

Chairman Mello stated that the Agency Request for the first year is \$636,599 and the Governor is recommending \$5300. \$162,902 is being requested for the second year and the Governor is recommending \$12,300. Mr. Wood stated that they have no place to store them and this would provide a place for storage. Mr. Glover stated he was disappointed in the fact that the Governor did not recommend the positions to preserve what has already been bought and needs to be protected.

Mr. Cronkhite stated that the locomotives in Utah are being well cared for and are being protected against deterioration. He felt that perhaps the move should be postponed so they will not be left outside where they will deteriorate. The Contractural Services money is for the contract employee who lives in the Mound House.

The Park Improvements was explained by Mr. Richardson. (Page 660). This also includes Historic Preservation Projects and Marine Fuel Tax Fund. This request is for \$1.6 million to be used for consulting fees to do designing. This would be matched with Federal funds for a total of \$3,037,000 for the project. Chairman Mello stated this was AB 245. The parks are lacking in horsemen's facilities and would like to satisfy these needs. This money would be used as follows:

1. Beaver Dam - horsemen's facility \$80,000, parking areas for horses and comfort stations for the riders.
2. Berlin Ichthyosaur \$136,000, gravel roads (\$25,000), enclose fossel house (\$18,000), campground ramadas (\$18,000) and stabilize buildings (\$75,000).
3. Cathedral Gorge - trailer dump station \$15,000.
4. Echo Canyon - Fish cleaning station (\$20,000), Picnic and Campground Ramadas (\$80,000) for a total of \$100,000.
5. Fort Churchill - visitor center exhibits \$500,000.
6. Kershaw Ryan - trailer dump station \$15,000. Mrs. Brookman requested that the Indian display be rearranged to show the Indian in a better light. Mr. Cronkhite stated they were working with a group to get input on visitor's center and text in the brochure.

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7. Lohontan - sewer treatment (\$290,000), trailer dump station (17,000) day use area (\$202,000), campground (\$197,000), road improvements and utilities (\$154,000) and boating facilities (\$200,000)

Mr. Robinson stated that last year \$180,000 was appropriated for improvements for the Valley of Fire and asked where the funds were spent as they were not used for this purpose. Mr. Cronkhite stated that they have the right legally to use the funds for other purposes, but they try to stay within the Legislative intent. They did deviate on this program. Mr. Weise stated that if the Legislature chose a project and funds were appropriated it should be used for that purpose. If for some reason it cannot, the funds should be reverted. Mr. Cronkhite stated that he did not have the information with him but would supply to the committee the amount of money that was used for the Valley of Fire, Red Rock and other projects. Chairman Mello stated that controls should be put on this particular areas of government. Mr. Cronkhite stated that these figures might change due to inflation or the cost going higher than anticipated, but he was not prepared to speak on the subject at this time. Mr. Richardson stated that at no time do they move funds outside the area they were appropriated for and if the parks are not satisfactory it is due to a lack of funds.

8. Lake Tahoe - Spooner Lake day use area (\$200,000), sand harbor (\$162,000) Cave Rock (\$25,000), utilities, ramp, sewer, parking improvements

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shore stabilization and comfort stations are included for cave rock. This is a total of \$612,000.

Chairman Mello appointed a sub-committee on Improvements and Land Acquisition. The chairman is Mr. Robinson and members are Mr. Howard and ex officio member, Mr. Speaker Ashworth.

9. Mormon Station - visitor center exhibits (\$50,000) and Group Use Area (\$120,000) for a total of \$170,000.
10. Red Rock - comfort stations (\$5,000), Day use facility (\$20,000) and Pine Creek Road Improvements (\$15,000) for a total of \$40,000.
11. Rye Patch - Campground \$130,000.
12. Spring Valley - Boat dock (\$25,000) and Fish cleaning station (\$20,000) for a total of \$45,000.
13. Valley of Fire - Paint visitor Center (\$25,000) and Horsemen's facility (\$75,000) for a total of \$100,000.
14. Washoe Lake - Shop and yard (\$80,000), group use area (\$100,000), horsemen's facility (\$60,000), Roads and utilities (\$156,000) for a total of \$396,000.

Mr. Weise stated that the people were promised that they could see the Master Plan for Washoe Lake before Legislature appropriated the money. The property was put up at a very reasonable price by the people to be used as a State park. Mr. Cronkhite stated that they are going to have another public hearing on this matter.

The Historic Markers Program was explained by Mr. Richardson. 193 markers have been installed. The construction costs are \$11,500 and maintenance costs are \$8500 for a total of \$20,000. They need a maintenance program as the markers are being destroyed to some degree.

The Land Acquisition was then explained by Mr. Richardson. The price of land is not known until purchase time and the money requested is not enough to buy all the land and they need help in establishing priorities. The land they are interested in purchasing is as follows:

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Lohontan - \$2.50 per acre and has archeological value
Rye Patch - which is a mixture of public and private land
Beaver Dam - interested in two parcels and road improvements will increase visitation
Red Rock - Involved with a cooperative agreement and developed a Master Plan
Carson River - two parcels on the Carson River of 400-500 acres which would provide access for fishing, etc. to the public
Cathedral Gorge - two parcels, one federally owned and the other privately owned were not added to the park and they would like to purchase these two parcels
Fort Churchill - two parcels
Kershaw Ryan - purchase a parcel that is at the entrance to the park. This land is owned by Summa Corporation
Arrow Canyon - rich in geology and archeology. This land is not surveyed yet so it will be at the bottom of the priorities
Fort Shellbourne - acreage that relates to historic significance
Sand Mountain - this land is operated by the Bureau of Land Management so they will not suggest the State get involved.

Mr. Cronkhite stated that money for land has been juggled because they do not know the exact cost of land. It could go higher or lower. In Red Rock Canyon they spent almost double of what they thought they could get the land for. They spent \$3.2 million. He stated they came before the Legislature and stated that they would need approximately \$1.7 million to acquire this area and spent \$3.2 million which was what the appraisal was for. Mr. Kimmel, an independent real estate appraiser stated that he was hired by the park service to initially review appraisals which had been made in January 1974. Based on his review, the property was purchased at the reviewed price.

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Mr. Weise stated that the zoning of the ranch was A-2 but it was appraised for subdivision purposes. Mr. Kimmel stated there were a group of possibilities in all the appraisals he reviewed. The potential development was the reason for the differences in appraisals. There was one appraisal at \$2.5 million and another at \$5.5 million or \$6 million. He stated that it has to be appraised at the highest and best use of the property. The State cannot say they are not going to allow a certain type of development because they want to buy at a lower price.

Chairman Mello stated it was a little after the fact now, but he wanted the committee to be aware of the fact that if monies are available after approval of the program has been given, it can be overexpended for certain properties if part of the property is what has been approved.

Chairman Mello stated that Mr. DeRicco appeared before the Legislative Commission April 30, 1974 and was asked questions regarding the transaction and was asked if he had any responsibility as the Director over Mr. Cronkrite as far as this purchase was concerned. Chairman Mello read the answer Mr. DeRicco gave at that time, "Mr. DeRicco acknowledging the great disparity between the cost estimate provided to the money committees at the last Legislative session and the actual purchase price of the property related to Legislators considerably after the closing of the transaction, indicated that his was not the first hand responsibility in the acquisition of state parks property. He emphasized that the end responsibility rests with the Director of the Parks System." Chairman Mello asked Mr. DeRicco if he still says that. Mr. DeRicco replied that he believes that under the authorization of the Legislature, the authority and acquisition is vested to the Director of the Division of Parks. Chairman Mello asked if what he meant was that he could have stepped in and stopped this as the Director. Mr. DeRicco stated that he does not question that he could have stopped it because he can hire and fire the Administrator. Chairman Mello then read NRS 232.070 Powers and Duties of Director as Executive Head of the Department. "The Director shall direct and supervise all administrative and technical activities of the Department." Also, "The Director shall formulate the Policy of the Department and various Divisions thereof." Mr. DeRicco stated he was familiar with the NRS. Chairman Mello read further, "Division of State Park Administrator. The Division of State Parks shall be administered by the Administrator of the Nevada State Parks System which shall be appointed by and be responsible to the Director." Chairman Mello asked Mr. DeRicco if he felt that the state law does not provide for him to step and have stopped this transaction. Mr. DeRicco stated again that he does not question that he could have stopped it. Chairman Mello stated that he felt Mr. DeRicco was not abiding by the state law and as the Director he should have done something about this. He stated that Mr. DeRicco is receiving \$23,882 for a job he feels he is not doing and stated he felt this one transaction was absolutely pathetic. He stated that Mr. DeRicco was asking to be paid \$30,201 for not doing his job and that the Governor is recommending less. He felt the Committee should look at the duties he was doing and how he was conducting himself in his duties and pay him accordingly.

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Mr. DeRicco stated that they are delving into an area of administration with nine divisions. A Director is an Administrator, he is not a technician. Every one of these divisions is headed by specific people who have specific expertise in the area of their authority. If the Director was to move into a specific area of each division then they would have a man with divine powers and a man who has capabilities beyond any man he knows. In addition, he stated, they would not need the Division Directors.

Chairman Mello stated that Mr. DeRicco was passing the buck and that he was responsible for what Mr. Cronkhite does. Mr. DeRicco stated that he has a great responsibility to the Governor as he is the man he must satisfy. Chairman Mello asked if Mr. Cronkhite must not satisfy him and asked if he knew anything about the transactions that were being done. Mr. DeRicco stated that he did know about them. Chairman Mello asked if he thought it was much above what the Legislature approved and asked him why he did not ask the Governor or the Interim Finance Committee to meet or why he did not appear before the Leg. Commission. He stated that Mr. DeRicco had no excuse for not talking to one of them. Mr. DeRicco stated that he did not deny that an error was made in not coming before these bodies. He stated that the budget before the Committee now provides that there will be no

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acquisitions without the appraisals being brought for review and comments. Mr. DeRicco stated that Spring Mountain taught them all a lesson and that the lesson is reflected in the direction this budget takes. But that during the last session of the Legislature when Mr. Cronkhite came before the Committee, he stated that the estimates were only horseback estimates, that were based on appraisals. Mr. DeRicco stated that it would not happen again.

Chairman Mello stated that he was not talking about the fact that it won't happen again, but why it happened.

Mr. DeRicco stated that the reason was because the estimate was not a valid estimate that was brought before the Committee. The people of Clark County were very intent on the acquisition of Spring Mountain and it was high in priority. Chairman Mello asked Mr. DeRicco what he thought about the programs they could not get into because of this and asked if he thought he represented the people of Clark County or the people of the State. Mr. DeRicco stated that he was just mentioning priorities. This matter was given first priority and they stated before the committee that it was first priority and the estimate they had was an estimate based on very poor information. He stated that the acquisition was made within the framework of the appraisal that was available to them. He stated that they had no facts that the property was offered just shortly before for \$1 million or \$1.5 million or they would have prosecuted.

Chairman Mello stated that he hopes Mr. DeRicco would try to do his job a little better than what he did on this. He felt Mr. DeRicco was derelict in his duties in not supervising Mr. Cronkhite on such a transaction. He stated that Mr. DeRicco was saying that because the Legislature approved the program they could spend twice as much money to acquire this property.

Mr. Dreyer stated that if the committee had appropriated \$3.5 million as this was the number one priority, it was fine. But the Committee has to answer to the people and they want to know why so much was spent and why the Committee didn't do something about it. The fact that they did not come back to the Committee is why the Committee is unhappy. Mr. DeRicco stated that he does not deny that it was a terrible error and regrets that it happened. He stated that not one acre of ground will be purchased in the State of Nevada until the Committee has had the opportunity to review the appraisals and make their comments. Mr. Dreyer felt that when the Committee gives them money for land, it is used for whatever they please. Mr. DeRicco stated that he was not trying to shirk his responsibilities but a staff of many people within the Division of Parks make the decisions. He is in the end responsible because he is the Director. He stated that throughout his service he has complied with the Legislative intent and this is the first time in 26 years of service that he has even had the opportunity to be accused of violating Legislative intent and that as long as he is the Director it will never happen again. Mr. Dreyer stated that unfortunately the buck has to stop somewhere and he was it as he is responsible for every person beneath him.

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Chairman Mello stated that perhaps the department ought to be split up if he has too many responsibilities.

Mr. Robinson stated that he could not understand how a piece of property could jump in value over \$1 million in less than a year. He stated that all they needed to do was look at what it was purchased for just a period of months before and then look at what it was offered to the State for. He stated that since Fletcher Jones is always saying what a good public servant he is, perhaps he will give a good bid on the trucks and some of the dollars could be returned in this way.

Mr. DeRicco stated that the Attorney General's office has recently made a study, but he did not know the results. He stated that if the Committee was interested, he would present the whole matter from start to finish.

Chairman Mello stated that one of the things that disturbed him was that Mr. DeRicco had the opportunity to say these things before the Legislative Commission and did everything in his power to show the Committee that he had absolutely nothing to do with it.

Mr. DeRicco stated that he was an administrator who delegates authority to his Division Chiefs. He could not operate without Division Chiefs. He stated that he delegates and expects results and when he doesn't get

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results it becomes necessary for him to take affirmative action to see that he does. But when he has to step beyond his Department Chief, and step into the inner workings of the Division, then he is not Director of the Department but Director of the Division. And he has had the opportunity of administering a \$30 million program, he does not have time for this or policy matters. He stated that when he generates a policy for a Division its for all Divisions and not just one. It is a method and a means of administrating.

Chairman Mello stated that Mr. DeRicco appointed Mr. Cronkhite and he was one of very few Directors who have the authority to appoint.

Mr. Robinson stated that the Committee could solve Mr. Cronkhite's problem of buying everything by putting each of the land acquisition bills in separate appropriation bills. He felt it might be a good idea to take this whole land acquisition thing and make separate bills out of them, then if he decides to spend the money someplace else, he won't be able to.

The meeting adjourned at 11:00 A.M.