

3/10/81
Page 1

MEMBERS PRESENT: Chairman Bremner
Vice Chairman Hickey
Mr. Bergevin
Mr. Brady
Mr. Coulter
Mr. Glover
Mr. Horn
Mr. Marvel
Mr. Robinson
Mr. Vergiels
Mrs. Westall

MEMBERS NOT PRESENT: Mrs. Hayes (Excused)
Mr. Rhoads (Excused)

ALSO PRESENT: Bill Bible, Fiscal Analyst; Judy Matteucci, Deputy Fiscal Analyst; Mike Alastuey, Deputy Budget Director; Roland Westergard, Conservation

Chairman Bremner called the meeting to order at 8:00 a.m.

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

Office of the Director

Mr. Roland Westergard, Director of the Department of Conservation and Natural Resources, said that this department is responsible for the administration and management of the state's natural resources. In addition, there are two commissions within the department -- the Environmental Commission and the Conservation Commission. He added that the most significant service of the Director is serving on the Tahoe Regional Planning Agency and the Western States Water Council.

Mr. Westergard pointed out that the budget reflects the reduction of 2 of the 7 existing positions in the Office of the Director -- one Assistant Director and one Management Assistant I.

Mr. Marvel asked if there was any out-of-state travel reflected in this budget. Mr. Westergard said that previously there was out-of-state travel in this budget but now all out-of-state travel is handled through a "pool" administered by the Budget Office.

Mr. Glover referred to the increased workload and pressure incurred by the TRPA and the MX project on the Department of Conservation and Natural Resources and asked if position reductions were warranted. Mr. Westergard noted that the reduction of personnel in the Director's office is actually a "switch" due to requests for increased personnel in the Water Resources Division where the need is more critical. He added that the position of Assistant Director has not been functional and efficient and it has not been productive to have two Assistant Directors.

California-Nevada Interstate Compact

Mr. Westergard said this compact would allocate waters of the Truckee, Carson and Walker Rivers and Lake Tahoe between the states of Nevada and California. In 1971, the Nevada Legislature ratified a compact which would set forth and provide for that allocation of waters; however, as yet the compact has not been considered by the United States Congress because of extensive litigation in the form of numerous lawsuits. He further indicated that in the past few years, \$3,000 has been requested and appropriated for this budget; however, in fiscal year 1979-80, only \$88 was expended. As a result of that, \$500 is being requested and hopefully if action is taken by Congress and more money is needed, a request will be made to Interim Finance.

Tahoe Regional Planning Agency

Mr. Westergard said this appropriation covers the funds that Nevada is committed to allocate for administration and implementation of the Tahoe Regional Planning Agency Compact. S.B. 1 that was approved by the 1980 Special Session of the Legislature provides specifically for the financing responsibilities and duties of the agency.

3/10/81
Page 2

He noted that the compact bill provides that the counties and local jurisdictions within the basin shall provide \$150,000 per year. It further provides for state appropriations in the amounts of 1/3 for the State of Nevada and 2/3 for California. A realistic budget for this program is approximately \$700,000 -- Nevada's share \$150,000, counties \$150,000, and the State of California \$300,000.

Mr. Bergevin asked what assurance does the State of Nevada have that California will provide their \$300,000 appropriation. Mr. Westergard said that at the present time, only verbal assurances have been received. In the past couple of years, California has not come up with their portion and Nevada has continued to contribute to this program.

Mr. Bergevin asked why the agency requested \$50,000 and the Governor recommends \$150,000. Mr. Westergard said that the original agency request in the budget was submitted prior to the Special Legislative Session.

Mr. Glover asked if negotiations with California have produced anything concrete. Mr. Westergard said that the efforts of the January and February meetings were very productive -- rules and regulations for the operation of the agency were adopted. Mr. Westergard indicated that the new members appointed by California are an improvement over previous members and it was his opinion that finally the agency will be an effective tool.

In response to Mr. Robinson's question on restricting the appropriation in this budget to being expended only if California provides their share, Mr. Westergard said that it would be appropriate to stipulate such a condition.

Mr. Bergevin questioned Mr. Westergard's intentions as being contrary to the dictates of the Legislature. Mr. Westergard stated that he was unaware of any inconsistency but he was aware of the interest on behalf of the Legislature to see that individual residential units were not to be subjected to project review and in effect this has been accomplished in the emergency ordinance that has been passed. In addition, the agency was given the responsibility of developing comprehensive plans for the control of air and water quality. Mr. Bergevin said that it was his impression that Nevada was "playing into the hands of California" by electing the more stringent guidelines and, in fact, at a meeting two weeks ago, attempted to vote on the ordinance allowing the adoption of the California TRPA 208 Water Quality Plan for the basin. Mr. Westergard said that procedurally the agency could not vote on the ordinance last week and, in fact, it was not even on the agenda.

Division of Water Resources

Chairman Bremner asked Mr. William Newman, State Engineer, to address the requested one-shot appropriation in the amount of \$52,800. Mr. Newman said this money would be used to develop a computer file storage and retrieval system for the Division of Water Resources.

Chairman Bremner asked how many positions could be eliminated with the implementation of the new computer capability. Mr. Newman said no positions are being eliminated; in fact, the division is requesting new positions. He added that S.B. 207 addresses the one-shot appropriation for the first year of the biennium and an appropriation of \$16,800 is contained in the Water Resources' budget for the maintenance and operation of the system in the second year of the biennium.

Chairman Bremner asked for an explanation of an additional one-shot appropriation in the amount of \$200,000 for the Division of Water Resources. Mr. Westergard said this request is for the purpose of paying legal fees, court costs and other costs of litigation involving water rights and water supply on the Truckee River stream system. He noted that the current balance in this account

3/10/81
Page 3

is \$300,000 and in an effort to keep the balance at \$500,000, this request for \$200,000 is being made. Mr. Westergard indicated that a critical case in southern Nevada is pending which involves the revocation of water permits now that Lake Mead and Colorado River water is available. Temporary permits were revoked to appropriate ground water and that has been appealed and extensive litigation is anticipated.

Mr. Robinson asked if the litigation pending in southern Nevada is included in this \$500,000 fund. Mr. Westergard said that these funds will be applied statewide. In response to Mr. Robinson's question on the amount of state funds spent on Truckee River litigation, Mr. Westergard said that approximately \$975,000 has been spent over the last 10 years.

Mr. Newman went on to say that the Division of Water Resources has three basic areas of responsibility -- the appropriation of public waters, adjudication of public waters and the distribution of public waters. Mr. Newman said that the six new requested positions (4 engineers, 1 engineering aide and 1 clerical) are vital to the division.

Mr. Hickey expressed his concern regarding the distribution of the new positions, noting that all are to be located in Carson City when the main thrust of the MX missile project will be centered in the southern portion of the state. Mr. Newman said it was his impression that the construction site for the MX missile is located the same distance from Carson City as it is from Las Vegas. Mr. Hickey disagreed with Mr. Newman noting that the initial construction phase will be located 40 miles from Las Vegas in Coyote Springs. Mr. Hickey asked to be provided with projections of the work load for the requested positions to justify the uneven distribution of employees.

Mr. Newman detailed for the committee the 300 percent increase in work load of applications to appropriate water and the demands on the office. He said the office is budgeted and staffed to take 100 applications per month when, in fact, the office has been receiving 300 applications per month. Mr. Newman continued that the 116 applications filed by the U.S. Air Force for the MX missile project has generated approximately 300 protest applications to date.

Chairman Bremner pointed out that Mr. Hickey's concern was not with the need for new employees but rather that the work load was in southern Nevada when in fact the positions are to be located in Carson City. Mr. Newman said that applications and protests have to be filed in the Carson City office and notices for field investigations and hearings have to be processed in the Carson City office.

Mr. Marvel said it was his impression that the biggest amount of work is processing applications and protests and is conducted from the Carson City office.

Mr. Vergiels said he disagreed with the rationale used in placing all employees in Carson City.

Mr. Marvel asked if there would be a dollar gain or loss in staffing an office in Las Vegas. Mr. Newman noted that some travel funds would be eliminated. Chairman Bremner pointed out that according to the budget, there is an office in Las Vegas at the present time. Mr. Newman said the Las Vegas office is funded by a special ad valorem tax on the Las Vegas water basin.

Mr. Hickey directed Mr. Newman's attention to a map showing the probable locations of the MX missile site. Mr. Newman said that according to maps in the Division of Water Resources, there are 29 probable valleys across the state and 116 water applications have been filed by the Air Force. Mr. Westergard indicated that the administrative work is done by the State Engineer and his immediate staff but there is latitude in the statutes that would allow for shifting personnel to the southern part of the state 937

3/10/81
Page 4

if it becomes necessary. He added that it is too early to make a commitment on behalf of the state to support a project that the Federal Government is imposing; however, if it does come, the Federal Government should finance such staffing needs.

Mr. Marvel asked if protests have been filed on the Air Force applications for water. Mr. Newman said that over 300 protests have been filed on the 90 applications by the Air Force that have been published. In response to Mr. Marvel's question on the number of protests from the Bureau of Land Management, Mr. Newman said that the BLM has filed some protests; however, the majority of protests have been from cattle ranchers and environmental groups.

Mr. Vergiels said it was his opinion that hard-money personnel, not MX or Federal Government personnel, should be staffed in southern Nevada. Mr. Westergard indicated that there is a half-time person in Las Vegas and an additional position requested for the coming biennium. Mr. Vergiels said that a contingency plan for reallocation of personnel should be adopted by the Division of Water Resources.

Mr. Robinson asked for detail on the geographical locations of the applications for water allocation. In addition, he noted that the budget for the division seems top heavy with engineers but not enough clerical support and asked if that was the reason for the delay in processing the applications. Mr. Newman responded that applications are coming in statewide and the backlog is due to the large number of applications and protests being submitted for processing. In response to Mr. Robinson's question if each application is handled with a field investigation, Mr. Newman said that not each application warrants a field investigation. The procedure is that each application is published in the local county where the point of diversion is to be located for five consecutive weeks. After the publication there is a 30-day period to allow for protests and that is the time when a determination is made if a field investigation and/or a hearing is necessary.

Mr. Alastuey referred to Mr. Vergiels' request for "hard money" personnel for MX in southern Nevada and noted that throughout the entirety of the Executive Budget, there is no provision for a General Fund commitment to any MX related effort. He pointed out that consideration of the requested positions for the Division of Water Resources should be predicated upon overall statewide trends on applications for ground water.

Mr. Hickey asked that he be provided with information relative to the work load distribution for the three office locations (Carson City, Las Vegas and Elko) for the Division of Water Resources and also detail of the in-state travel expenditures.

Mr. Glover asked what the time span is for a solution to be reached on the protest applications. Mr. Newman said that the division has been requested by the Nevada Cattlemen's Association to field investigate every one of the protest applications because of concern on their part that the location of the wells for the MX project are near their sources of water supply. Mr. Newman further indicated that the time span to process a protest could take 6 months or longer depending on court appeals. He noted that there are 70 appeals in court process at the present time. Mr. Glover asked how long the 70 cases have been in litigation. Mr. Newman said for several years.

In response to Mr. Glover's question on the turnover rate within the division, Mr. Newman said that there has been a large turnover rate in the professional staff due largely to the low pay scale in state government. Mr. Glover said it was his impression that the administration has not addressed itself to the salary issue for the engineering staff.

Mr. Robinson asked if there were any vacancies at the present time in the division. Mr. Newman said two engineering positions are vacant.

3/10/81
Page 5

Chairman Bremner asked for an explanation why there is no increase in General Fund revenue projections for state engineer fees when there is, as indicated by the division, an increased work load. Mr. Westergard noted that there is a bill pending that would increase the engineer fees.

Division of Water Planning

Mr. Jim Hawke, Administrator for the Division of Water Planning, said that in 1977 the Legislature created this division as a separate entity from the Division of Water Resources. He indicated that the main emphasis of the division has been working with communities in developing municipal water supplies that are becoming necessary due to the growth that Nevada has experienced in the last decade. Mr. Hawke said that for fiscal year 1981, the division has received approximately \$145,000 in federal funds; however, it is anticipated that under the proposed cuts at the federal level, funds for this program will be either reduced or eliminated. He added that the Water Resources Council is the agency that provides the federal funding for this division and may be abolished. This council will be transferred under the jurisdiction of the Secretary of Interior and the result of that transfer may be block grants to states.

Mr. Hawke said that in an effort to comply with the Governor's recommendation, the division is reducing the one clerical position to half-time leaving 2 1/2 full-time positions in the division.

He pointed out that the federal Water Resources Council grant in the amount of \$345,000 as reflected in the budget was projected before the current fiscal situation at the federal level and now it is anticipated that it will not be forthcoming.

Mr. Hawke said that the program outlined in the proposed budget with the state appropriation will be sufficient to provide a base level of water planning for the State of Nevada. If no additional funding is available from the Federal Government, the program will be an effective, although modest, water planning effort for the coming biennium.

Chairman Bremner noted that if the Water Resources Council grant does not materialize, the division will not be functional.

Mr. Hawke said that the division is weighted with professionals in an effort to provide a "base" level assistance.

Mr. Robinson asked that the committee be provided with a list of the recipients of the federal grant monies for fiscal years 1979 and 1980.

Mr. Hickey asked that Mr. Hawke provide information relative to the decision of the Secretary of Labor on the Water Resources Council as soon as it is available.

Division of Conservation Districts

Ms. Pam Wilcox, Administrator for the Division of Conservation Districts and Executive Secretary to the State Conservation Commission, said that the jurisdiction of the commission and the division is one of resource conservation emphasizing solving resource needs and future planning. The division has a local and state component and is coordinated with a federal program. It provides assistance to the 30 local conservation districts in the state.

Mr. Glover asked for a specific example of the function of the division. Ms. Wilcox said that the main thrust of the division is on the local level and has resulted in increased productivity of agricultural acreage, gallons of water saved, avoidance of soil erosion, development of recreational facilities, working with planning commissions on development of master plans and review of subdivision maps. The largest state level benefit is the work in water quality by developing a handbook, "State's Best Management Practice Handbook" which is a compilation of practices that an individual land owner can use in order to prevent erosion

3/10/81
Page 6

on his land. Mr. Glover asked how many people use the handbook. Ms. Wilcox said at this point the state is not heavily emphasizing the program, but the local conservation districts are.

Ms. Wilcox pointed out to the committee some changes in the budget which are the elimination in 1981 of the federal funds grant under the Resource Conservation Act and the reduction of the Management Assistant position in the division to one-half time. She noted the addition in the budget of a \$2,500 appropriation to NIC for coverage of all district supervisors and at the present time, there are no funds available to pay that amount as local conservation districts are not supported by any tax dollars.

Ms. Wilcox introduced three local conservation district supervisors to the committee and Chairman Bremner asked if they wished to testify. Mr. Van Peterson, Chairman of the Conservation Commission, said the commission is involved in coordinated resource management planning for the State of Nevada. An additional program by the commission and University of Nevada relates to consumptive water use.

Mr. Leonard Anchor, District Supervisor from Gardnerville, said he is one of approximately 200 district supervisors who spend approximately 12 days a year serving on conservation boards with no compensation from the state.

Chairman Bremner asked Mr. Anchor what he would propose the state to do in this regard. Mr. Anchor said the state provides no funding but is mandating that NIC funds be paid by the district supervisors.

Mr. Robinson asked how the district supervisors are elected and if the commission receives any federal funds. Mr. Anchor indicated that people are elected to serve four-year terms. He added that in his district funds are provided by Douglas County in the amount of \$2,000, \$1,500 from Carson City and approximately 75 firms contribute to the program.

Mr. Robinson questioned the need of a state appropriation in this program when most of the land is in fact BLM land. Mr. Anchor said the board reviews every subdivision application for Carson City and Gardnerville and makes recommendations relative to drainage, etc. Mr. Patterson indicated that the BLM will help finance conservation districts on the local level under the multiple use concept of coordinated resource management planning.

Ms. Mary Kepar, Eureka Conservation District, said funds are generated for the Eureka District through the rental of some heavy equipment that is owned by the district. Ms. Kepar noted that pending legislation (S.B. 292) would require local districts to perform an audit and that it could be a problem for districts low on funds.

Mr. Robinson asked how, in lieu of the fact that these conservation districts are staffed by volunteers, could the state require them to pay NIC fees. Ms. Kepar said that NRS 606.179 mandates such payments to NIC.

Mr. Hickey asked if the \$2,500 appropriation requested by the Division of Conservation Districts for NIC fees is adequate for the entire state. Ms. Wilcox said that figure was provided from NIC as the premium for the coming biennium and is budgeted for 190 supervisors statewide.

Division of State Lands

Mr. Jac Shaw, Administrator of the Division of State Lands, said the division is divided in two sections -- Land Office Section and the Land Use Section. Mr. Shaw pointed out to the committee a concern that an existing federal HUD grant may not be forthcoming for the biennium. He added that the program funded under this grant was initiated 6 years ago to provide a land use planning agency to help local communities that could not afford planners, staff or even consultants.

3/10/81
Page 7

He further requested some consideration from the Legislature that in case the federal money is not available, some funding be provided for the continuation of the program.

Chairman Bremner referred to the budget which reflects the 1980-81 work program in the amount of \$20,000 and asked if that amount would be sufficient to fund this program considering that it is half of what the Governor has recommended for the biennium. Mr. Shaw said that \$20,000 should be sufficient considering that administrative costs would be less than what was required by the federal grants.

Mr. Hickey asked if this funding could possibly be available in block grant form. Mr. Alastuey said that he was not aware of a proposal for block grants in the HUD area.

Mr. Glover asked what the \$20,000 work program for 1980-81 was actually used for. Mr. Shaw said that the HUD grants from its inception have been used as part of the salaries for the land use planners. He added that to date only \$11,800 has been received from the HUD grant.

Mr. Shaw went on to say that the 1979 Legislature authorized \$250,000 to Interim Finance to fund both the objectives of the Division of Lands and the Attorney General's efforts in the Sagebrush Rebellion. He indicated that one-quarter of that appropriation was used over the last biennium to carry out the mandates of A.B. 413. As a result of pending legislation on the land issue, the State Lands Division has determined not to include any appropriation in the present budget but to return to Interim Finance for funding as the need arises.

Chairman Bremner asked why the agency request under "EDP Charges" is less than the Governor's recommendation. Mr. Alastuey said the recommendations for EDP charges are based on an interchange with Central Data Processing who provides the cost estimates and often a disparity exists between the agency's recommendation and the costs proposed by CDP.

State Multiple Use Advisory Committee on Federal Lands

Mr. Shaw said that this committee is composed of "user" groups of public lands. The committee advises agencies of this state and of the Federal Government of the effect of the agency's programs or regulations on users of the land. There is a nominal increase of per diem paid to committee members in this budget.

Carey Act Trust Fund

Mr. Shaw told the committee that in 1977 the Division of State Lands accepted 1,875 applications under the Carey Act, NRS 324, until a moratorium on applications became effective October 21, 1977. The moratorium was due to court litigation between Idaho and the U.S. Department of Interior over the federal regulations to administer the program at a federal level. The court litigation ended at the Supreme Court on April 16, 1980. Mr. Shaw further commented that the funds in this budget are monies paid by the applicants and the funds are such that at the present time a staff person cannot be supported with existing monies. Mr. Shaw said it is anticipated that activity will be increased within 3 to 4 weeks and at that time, an appropriation in the form of a loan will be requested.

In response to Mrs. Westall's question, Mr. Shaw said that the Carey Act is one of the two existing programs to put desert arid land into agriculture production. The Desert Land Act provides lands to the settler directly from the Federal Government and the Carey Act uses the state as an agent for the settler. Over the last 25 years roughly 100,000 acres in Nevada have been put into productive profitable irrigated agricultural lands. He further noted that it is replacing the Homestead Act.

Mr. Marvel asked how many applications are pending at the present time under the Carey Act. Mr. Shaw noted that there are 300 viable applications and 65 have been turned in to the Bureau of Land Management.

3/10/81
Page 8

Division of Mineral Resources

Ms. Joyce Hall, Administrator of the Division of Mineral Resources, said the division was created by the 1977 Legislature. Among its functions are administration of the Oil and Gas Conservation Law and studying federal policies as they affect oil, gas, and mining activities on the federal lands in the State of Nevada. She noted that the Oil, Gas, and Mining Board is a 7 member board comprised of 2 members of the general public, 1 oil and gas representative, and 4 members represent the mining industry.

Ms. Hall pointed out that in compliance with the Governor's recommendation to reduce expenses, the division is proposing to reduce the one Management Assistant position to half-time.

Mr. Marvel asked how many barrels of oil are being produced a day in Nevada. Ms. Hall responded that 8,080 barrels a year are produced. In response to Mr. Marvel's question on the value of the oil, Ms. Hall said that net proceeds tax in calendar year 1979 amounted to \$240,000.

Mr. Glover asked what affect it would have on the State of Nevada if this program were abolished. Ms. Hall said the records that are maintained by the division are valuable in encouraging oil and gas exploration in the state.

Mr. Hickey asked what kind of records are maintained. Ms. Hall said that records are maintained of all electrical and sonic logs that are run on oil and gas wells and, after a period of confidentiality, the logs are utilized by gas and oil companies. Mr. Hickey asked if a fee was charged for this service. Ms. Hall pointed out that there are several companies who are in business to microfilm records that are maintained by agencies comparable to the Division of Mineral Resources in other states and in turn sell the records to various companies. The only fee charged for this service by the division is the reproduction costs. Mr. Hickey indicated that a closer look should be taken in this regard as a possible revenue producing program. Ms. Hall noted that the companies who provide the information on the gas and oil in Nevada consider it an infringement on their rights as some of the information represents trade secrets. Chairman Bremner asked if a large amount of money was involved in this program and Ms. Hall said that it was not.

Oil and Gas Conservation Commission

Ms. Hall indicated that this is actually the Oil and Gas Conservation Fund and was established by NRS Chapter 522. The funding in this program comes from a one-half cent per barrel conservation tax that is levied on oil production in the state and a one-half cent tax levied against every 50,000 feet of natural gas production. She noted that there is a \$50 charge per permit application.

Chairman Bremner asked what the reserves in this fund were used for. Ms. Hall said the reserve is maintained in case the operating costs are exceeded. Chairman Bremner questioned the possibility of applying the reserve in this fund to the travel expenses in the Division of Mineral Resources' budget. Ms. Hall said that would require a change of statute. She further indicated that in the future increased costs will be incurred by this fund due to increased activity. Chairman Bremner noted that increased activity would mean increased revenue. Ms. Hall said that a lag in revenue would be experienced due to long oil and gas exploration periods. In fact, production has decreased over the last year as the existing fields are starting to decline in production.

Mr. Glover asked how many other states have a similar Oil and Gas Commission. Ms. Hall said that any state that has any oil and gas production would have such a commission. Mr. Glover asked if the 5 mills per barrel as charged by the State of Nevada is a common charge among other states. Ms. Hall said that she would provide the exact figures for the committee.

3/10/81
Page 9

Mr. Westergard noted that this is not just a record-keeping agency but reviews federal regulations and in that role, has provided a service to the State of Nevada.

Comstock Historic District

Ms. Mimi Rodden, a member of the Comstock Historic District Commission, said that this division was created for the purpose of creating a historic district in such portions of Storey and Lyon Counties as may be designated as encompassing an area within which historic structure sites or railroads relating to the Comstock Lode are, or were, located.

Mr. Robinson asked if Dayton is included in the Comstock Historic District. Ms. Rodden said that a portion (half of the downtown area) is included in this district.

There being no further business, Chairman Bremner adjourned the meeting at 10:30 a.m.