

**DRAFT**

**Finance Committee Meeting  
Nevada Board of Wildlife Commissioners**

Meeting Location: Clark County Government Commission Chambers  
500 S. Grand Central Parkway  
Las Vegas, Nevada 89155

Committee Members: Commissioners Charles Howell (chair), Daryl Capurro, and Hal Shrum

**Thursday, September 23, 2010 – 1:00 p.m.**

**1. Call to Order & Roll Call – Chairman Howell**

Chairman Howell called the meeting to order at 1:23 p.m.

Roll Call: Commissioners Howell, Capurro, and Shrum present. Commissioner Lent, Patrick Cates (NDOW) and Ken Mayer (NDOW) also present.

**2. Approval of Minutes – Action**

Minutes unavailable. Item is deferred to the next meeting.

**3. Member Items**

No member items.

**4. Public Comment Period**

No public comment.

**5. Report on Salary and Overtime for NDOW Law Enforcement -  
Informational**

Mr. Cates presented a report of salary and overtime for the law enforcement division for the last 3 years.

Chairman Howell asked how many salaried employees the division has. Mr. Cates indicated there was only one – the division chief. Chairman Howell asked that, with \$104,000 in overtime in FY10, wouldn't it be advisable to look and see where OT is occurring and put two or three more people on salary with a raise and eliminate some overtime? Mr. Cates stated that would be under the authority of the state Department of Personnel. He further indicated they have done studies in the past, which included conversion of the division administrators to salaries. Mr. Cates indicated game wardens, being law enforcement, would probably have to be considered with other law enforcement

positions across the state, such as highway patrol. Director Ken Mayer stated it is a great idea; but that decision is outside of NDOW's authority. He also indicated the need for overtime is disbursed statewide based on things like season openers and coverage on Lake Mead. Mr. Cates noted the amount of overtime has declined over the prior three years. Commissioner Capurro asked how many positions were under each category. Mr. Cates indicated there were 5 dispatchers, 2 admin assistance, 2 boating educators, a boating access coordinator, and 36 game wardens.

## **6. Report on the Commission Budget - Informational**

Mr. Cates presented a report of the legislatively approved budget versus actual expenditures for the Commission and the CABs for the last three years.

Chairman Howell asked for clarification about the definition of work program. Mr. Cates explained the process of adjusting budgets with work programs, many of which have to be approved by the Interim Finance Committee (IFC) of the Legislature. Chairman Howell asked if those were normally approved. Mr. Cates indicated the vast majority of them are approved by IFC. Director Mayer indicated they also have to be approved by the Governor's Office prior to IFC and the Governor's Office often rejects them before they get there. Mr. Cates indicated the one type of work program he often sees challenged and rejected at IFC are those involving increases in out of state travel.

Commissioner Capurro asked several questions regarding prior work programs for the Commission and the CABs approved by IFC. Mr. Cates clarified for him when work programs were processed in prior years.

Chairman Howell and Commissioner Shrum asked a series of questions regarding the variation in CAB expenditures from year to year. Mr. Cates explained the budgeting process for CABs and how the budget is established each biennium.

## **7. NDOW's FY 2012-2013 Executive Budget Request – Action**

Mr. Cates provided multiple budget reports to the committee. He then presented a PowerPoint presentation on the budget. Chairman Howell made note of the poor screen resolution. Mr. Cates provided hard copies of the presentation. Mr. Cates explained the budget reorganization that was the substance of NDOW's budget request for FY 2012 and 2013. Mr. Cates noted the extraordinary nature of splitting the NDOW budgets and complimented his staff for their hard work. He explained the challenges of using the state's budgeting software to make this atypical process work. Mr. Cates stated the unusual nature of this budget build contributed to NDOW's inability to provide budget information to the committee sooner.

Mr. Cates pointed out the allocation of General Fund appropriations in the budget request and explained the impact of reductions on NDOW operations. Mr. Cates further explained the allocation of other revenue sources to the various divisions of NDOW and the application of indirect cost charges and other internal cost allocations.

Mr. Cates presented the history of fee based revenues for NDOW and the challenges of declines in those revenues. Mr. Cates explained the difference between unrestricted fees, restricted fees, and boating revenues. He stated the decline of boating revenue has been significant. He also pointed out the substantial declines in state support through General Fund and Tourism monies.

Chairman Howell asked if the restricted fees were charged administrative costs (indirect cost rates). Mr. Cates indicated indirect cost charges were applied to federal grants and not to specific fees, unless allowed by statute. Director Mayer pointed out that administrative charges are allowed for the Heritage program in NRS.

Chairman Howell asked if predator fees were accounted for in the restricted funds. Mr. Cates indicated traditionally it was included as part of the unrestricted funds; however it has restricted use under statute and has only been used for those purposes. He stated the intent is to move those funds into the restricted reserve during the next biennium. Director Mayer stated that was a good example of why we are pursuing the budget splits to enhance transparency instead of having it all in one amorphous pot.

Commissioner Capurro asked what restrictions the state places on the General Fund appropriation. Mr. Cates indicated there are not specific restrictions, but NDOW has stated their intent to use the funds in Diversity and Fisheries Divisions as matching funds for federal State Wildlife Grant and Section 6 grant programs.

Commissioner Capurro asked who would support these programs if that money was taken away. Director Mayer indicated he conveyed to the State Budget Director that sportsmen were not willing to commit their fees to these programs. He said that was why it was essential to preserve the General Fund support and sportsmen needed to speak up. He spoke to the importance of those funds for energy development and a host of other activities that can be impacted by federal endangered species laws. Commissioner Capurro stated this is the ongoing problem of the general population not financially supporting general wildlife management.

Commissioner Capurro further stated he had a problem with being presented with fee increases that had not been vetted. Mr. Cates indicated these proposals were developed internally once we knew the total budget and

revenue. He stated the biggest issue was the budget for payroll. The Budget Office had all agencies budget to a figure that assumes there will be no furloughs or pay cuts and all pay is fully restored. Mr. Cates indicated nobody believes that will happen. But in order to submit a balanced budget, NDOW put together a series of proposals of both revenue increases and expenditure cuts to get there. Commissioner Capurro expressed concerns the state would take more funds like Heritage from the department and we would not get off so easily in the next legislature. Director Mayer stated while there are many unknowns and there will be a new administration, we have successfully defended and protected the Heritage funds and that lobbying by the department and sportsmen is essential.

Commissioner Shrum asked if the desert tortoise money is entirely separate and not included in the numbers presented. Mr. Cates indicated it was included as part of the State Wildlife Grant and Section 6 programs. Director Mayer clarified the desert tortoise issue was multifaceted and, separate from NDOW, the federal government (USFWS) required Clark County to expend funds for conservation of the species as mitigation for land development and associated loss of habitat. Mr. Cates pointed out in the handouts where in the Diversity budget he would find the funding for the programs that included NDOW's expenditures related to the desert tortoise. Director Mayer stated we have been discussing changing the name of the division to "Native Wildlife" as a better description of what those programs cover.

Commissioner Capurro acknowledged the important role of sportsmen in prior sessions in protecting the Heritage account. But he reiterated his concerns that NDOW funds will be targeted again. He detailed the size and scope of the state shortfalls that will be faced next session. He stated he has been lobbying for forty years and the upcoming session will be the toughest he has ever seen.

Chairman Howell stated this was supposed to be an action item. However, the information was only recently received and therefore there would be no action item today. The issue will have to be tabled.

Mr. Cates went through a comparison of expenditures for the last few years compared to the FY12-13 budget requested. He noted the increase in the request was not due to new programs or new staff. It was due to the unrealistic payroll assumptions. He stated he anticipated the payroll number decreasing during the Gov Rec phase of the budget building process. A discussion ensued regarding the impacts of furloughs on NDOW operations.

Mr. Cates then explained a variety of cost control measures NDOW has taken to keep costs down and save money, including travel reductions, holding positions vacant, and spending freezes (including vehicles). Mr. Cates indicated 42% of NDOW's vehicle fleet has over 100k miles. It is becoming an acute issue and other agencies, such as NHP replaces all their vehicles when

they hit 100k. Director Mayer also pointed out the department's "green team" generated a variety of ideas to save money that were implemented.

Mr. Cates presented the fund balances for NDOW, noting the projected declines in the three major types of fund balances – restricted, unrestricted, and boating. Mr. Cates highlighted the serious situation with the boating program. He noted the report shows the fund running out of money in the current year. However, measures were being taken to reduce costs, namely deferring equipment purchases and holding positions vacant, to ensure that does not happen. But the boating program is the area of largest concern. He stated the decline in the balances was due to the decrease in boat registration, federal coast guard grants, and motor boat fuel tax receipts. He went on to note the annual projected deficits for each of those funds, reiterating most of the shortfall was due to the unrealistic budget assumptions for payroll.

Mr. Cates then went through a list of proposals to close those projected shortfalls. He stated these proposals were not actually in the submitted budget request. They were included in a separate submission called "items for special consideration." This includes elimination of 14 positions. Chairman Howell asked if these reductions were statewide. Mr. Cates detailed which offices these reductions would affect. Director Mayer stated this would essentially eliminate public services for license sales at the Ely and Fallon offices and mothball the Lake Mead Hatchery. Mr. Cates noted the resource divisions, such as Game and Habitat, were not targeted for staffing reductions. Reductions were targeted in support and administrative functions that use a comparatively large portion of fee revenues versus positions that are funded primarily with federal funds.

Mr. Cates then detailed proposals to increase fee revenues. This includes an increase in boat registration fees. He discussed the graduated nature of the increases based on boat size. He stated the impact of an increase on boat registration was unknown, though most of the decrease in registrations have been among the smaller boats. Chairman Howell indicated it is difficult to even find a place to launch a boat on Lake Mead due to the drop in water. Mr. Cates also pointed out boat registration fees are split 50-50 with the school district.

Chairman Howell asked if it was typical that we take fee increases directly to the Legislature and not the Commission. Director Mayer indicated as an executive branch agency, these are proposals made to the Governor, who may or may not allow them to be submitted for consideration by the Legislature. He further stated the purpose today was to present these ideas to the Commission and solicit sportsmen input.

Director Mayer discussed the proposal to require permits for commercial collection of shed antlers. He stated there are those who are profiting off of wildlife but paying nothing. Commissioner Capurro stated the issue has been

discussed by the Commission, but not position taken. It was therefore premature to be proposing a permit and fee.

Director Mayer also discussed the proposal to require a hunting license to hunt any species. Commissioner Capurro indicated he was troubled by the proposal. Director Mayer discussed the issues with varmint hunts which take NDOW staff time and raise public safety concerns. Commissioner Capurro stated these issues require NRS changes. He asked if it was NDOW's intent to bring this before the Commission. Director Mayer discussed how late the budget numbers came in and how we could not get these proposals to the legislative committee in September, but it was NDOW's intent to bring them before the December meeting.

Mr. Cates discussed the proposed increase in the habitat conservation fee. Director Mayer discussed the issue with being able to use the money only for (as an example) a habitat project to benefit sage grouse but can't use it to do survey work to determine if it helps the sage grouse. He stated that was the kind of use NDOW would like to include, not to use it for unrelated activities like law enforcement. He indicated survey work would allow the funds to be used as match for more federal programs where we do have issues with General Fund resources.

Mr. Cates indicated he viewed these proposals as a menu of options to be considered. He reiterated the unrealistic assumptions used in building the budget and did not believe all of these measures would be necessary.

Commissioner Shrum asked when we were going to break this news of increased fees to the public. Director Mayer indicated that process was beginning now with the Commission meeting and then NDOW would be presenting this around the state to sportsmen groups. The legislative committee in December will also provide a forum. That will all occur prior to a new governor coming in. At that point the numbers could change dramatically.

Commissioner Lent was recognized by Chairman Howell to provide public comment. Agenda item #6: Commissioner Lent stated the numbers for CAB expenditures should be reviewed to make sure they are accurate. He also stated NDOW went to IFC for a \$26,000 work program to increase funding for CABs. There was a lot of money for Clark County. So it doesn't make sense they didn't get any money for two years. Agenda item #1: Commissioner Lent asked if there was anyone in law enforcement who made more than the Director and that should be looked at and made public. Mr. Cates did not have that information. He also stated dispatcher salaries also cover dispatch for federal agencies such as BLM. Director Mayer stated there are very few BLM officers in the state. He also indicated we do our own dispatch because other law enforcement agencies won't dispatch for biologist and other non-law enforcement personnel. For safety reasons NDOW needs that capability.

Commissioner Lent indicated NDOW should look at individual employee overtime because there may be abuses, such as trying to increase the pay for calculation of retirement benefits. Director Mayer stated overtime does not figure into calculations of retirement. He also indicated overtime is approved by division chiefs, has been reduced, and is closely monitored. He also indicated salaries are set by the legislature. Chairman Howell suggested it is possible some employees are using overtime to make up the loss of pay from furlough. Director Mayer stated that is watched very closely; all overtime has to be approved by their chain of command for a specific purpose (not up to the employee) and overtime is generally given as time off before it is paid. Commissioner Lent said it would be interesting to see how much overtime other divisions earn. Commissioner Lent said there should be another legislative audit. He also stated he has a problem with raising fees without giving sportsmen something more for their money. He said he has been through these kind of scare tactics before and agencies always seem to come out okay. He further stated the shed antler proposal seemed to be taking authority away from the Commission. Mr. Cates clarified it was just the opposed; it would give the Commission authority to regulate the activity. Commissioner Lent stated he had a problem with the habitat conservation fee proposal and wanted to know what the broadened use was for. Director Mayer indicated proposed language would be brought to the legislative committee. Commissioner Lent also indicated the department has not went after the special license plate which will generate \$250k in revenue. Director Mayer explained NDOW has been actively pursuing this and detailed what the status is in the DMV's process. A discussion ensued regarding the special license plate.

Chairman Howell stated there was no way, given the length of time for review, that action could be taken on this item. He asked if the budget had been submitted. Mr. Cates indicated it had been submitted to the Budget Office on the September 1 deadline. Chairman Howell asked if input was a waste of time. He stated in the future we need to change the law or we would continue to violate it. Director Mayer indicated the date should be changed. Chairman Howell stated all the committee can do at this point is review and comment. Director Mayer stated that is all the law provides. The Commission does not have direct fiduciary responsibility over NDOW's budget, just review and input. He also spoke to the particular difficulty of getting information out sooner given the budget split process. Commissioner Capurro stated he would like it to be submitted after September 1 so it could be reviewed by the Commission. Director Mayer indicated with the split implemented, it is his hope that NDOW could provide estimates early on in advance of the deadline. Commissioner Capurro stated he understood there would be changes, but he would like to see a general outline of the budget so input could be provided. Mr. Cates indicated in a normal, non-split, budget cycle that would be possible. Budget concepts would be developed in the spring and input would be valuable at that time.

Commissioner Capurro stated he would like to see initiatives that get the non-sportsmen to contribute. Director Mayer indicated he has challenged the non-sportsmen groups to step up and find a way to contribute. He also indicated it was a nationwide dilemma. Commissioner Lent stated he spoke with Tina Nappe about non-sportsmen groups contributing by buying hunting licenses. He further stated that Tina responded by saying, "we will never contribute to the Department of Wildlife." Commissioner Lent stated he either wants a commitment from the department or an AG opinion to review the budget before the deadline. Director Mayer indicated the department could make that commitment. Chairman Howell complimented Mr. Cates for the conference call he held to review the budgets in preparation for the meeting. He stated that was very helpful. Chairman Howell asked if there were periodic financial reports. Mr. Cates indicated there were. But prior to the split, it was difficult to make heads or tails of them. Mr. Cates pointed out that some of those reports were included in the committee's support materials. He further stated with the split the goal is to improve that information so the state financial reports could be used the way they were intended to be.

8. **Future Committee Meeting - Chairman Howell - Action**

Chairman Howell tabled a future meeting due to pending changes in committee assignments.

9. **Adjournment – Chairman Howell**

The meeting was adjourned at 4:25 p.m.