

Name of Organization: Nevada Board of Agriculture
Date and Time of Meeting: March 25, 2009 @ 9:00 am
March 26, 2009 @ 9:00 am
Place of Meeting: University of Nevada Cooperative Extension
5305 Mill Street
Reno, NV 89502
Telephone: (775) 784-4848

Minutes

March 25, 2009

1. Call to order by Chairman Alan Perazzo.

The meeting was called to order by Chairman Alan Perazzo. Chairman Perazzo requested a roll call.

Board Members Present:

Marta Agee
Paul Anderson
Dean Baker
Dan Hetrick
Jim Johnson
Ramona Morrison
Alan Perazzo
Benny Romero
Boyd Spratling
Hank Vogler

Board Members Absent:

Dave Barton

Staff Members Present:

Tony Lesperance
Sandie Foley
Katie Armstrong
Phil LaRussa
Mark Jensen
Maureen Groach
Chris Collis
Ed Foster
Steve Marty
Chris Mason

Guests:

Nancy Lesperance, Liberty L & L
Randy Wright, Clark County
Matt Adams, KLAS-TV8
George Knapp, KLAS-TV8
Brent Eldridge, White Pine Co.
Ed Goedhart, Assemblyman
Jonathan Cockroft, Office of
Assemblyman Ed Goedhart

2. Board Business

A. Approval of minutes from December 9, 2008 and December 10, 2009 Board meetings.

Benny Romero made a motion to accept the minutes as written. Paul Anderson seconded the motion. Motion passed.

(Hank Vogler requested his name be corrected on the December 10, 2009 minutes, page 50).

B. Request to disburse monies pursuant to NRS 562.170 and NRS 567.110 to Woolgrower's Association and Predatory Animal and Rodent Control.

Hank Vogler made a motion to disburse monies to Woolgrower's Association and Predatory Animal and Rodent Control.

Dean Baker seconded the motion. Motion passed.

E. Request by Board member Hank Vogler to request an opinion from the Attorney General's office regarding the Nevada Department of Wildlife's exemption on water appropriation for large scale "guzzlers" that are being developed for big game animals.

Board member Hank Vogler said that he feels several State laws are being violated. He said that probably in the early days, it really didn't matter; there were few guzzlers around. Now, the first thing you know, there is a guzzler in your area.

These animals have been living on the allowed use levels. The Area Management Plans were set up based on a certain amount of wildlife, a certain amount of wild horses and livestock in many of the areas where they were adjudicated. Now all of a sudden, the Nevada Department of Wildlife with impunity is putting them everywhere and they are starting to make a serious impact in some ranges. And the State laws on water doesn't allow any individual to restrict wildlife from using water, but they are restricting domestic livestock. Brent Eldridge, former White Pine County Commissioner can give further testimony and explanation of this growing problem. First of all, there is no due process at all. They just show up and put them in wherever they want. They have impacted a lot of livestock use; probably not something that should be done that way. It is going to impact us more and more. Mr. Eldridge has the more technical information on the laws that are being violated and the reasons why we would like to see it go to the Attorney General to least know how the State stands and then maybe we'll have to go on from there.

I have been personally impacted by some of these guzzlers. They have become draw stations for the larger animals like elk.

Brent Eldridge addressed the Board and said he would like to point out that NDOW (Nevada Department of Wildlife) has published a volume dedicated solely to the construction of guzzlers for big and small game throughout the State. He said he didn't know if there is a more recent one; his copy is dated October, 2005 and that is where he got his numbers.

He said at that time there were 302 large game guzzlers and 1,243 small game guzzlers in the state for a total of 1,545. Mr. Eldridge said he suspected that number is probably likely to be 2000 today given that there has been a push for the construction of these through more allotments in our State.

He said his problem with the guzzlers is that there is no water right applied or permitted and certificated and they are placed in the middle of adjudicated livestock allotments that are served by either vested livestock rights or permitted and certificated livestock rights. Most of the people I know that are impacted by these actions are not against wildlife. We enjoy the wildlife in reasonable numbers and reasonably managed. However, my family's summer and winter range has four big game guzzlers placed within a mile to two miles from existing vested and permitted livestock waters. We, nor any other rancher I know, has fenced wildlife or prohibited wildlife from using the livestock waters. Ranchers for the last century have developed waters that serve all animals. Yet, when the guzzlers were put in for wildlife and fenced, they restrict livestock use.

Included in Mr. Eldridge's handouts was a copy of the exemption that the State Engineer granted in 1982. Mr. Eldridge referred to NRS 533.025, Water Belongs to the Public and NRS 533.030, Appropriation for Beneficial Use ~ this is the part of the law that I believe is being violated every time a guzzler is put in as they are now. NRS 533.030 recites in Section 1; subject to existing right, and except as otherwise provided in this section, all water may be appropriated for beneficial use as provided in this chapter and not otherwise.

There is an annotation to that section of the law that I think speaks to what my problem is. Under NRS 533.505; Unlawful acts; penalties; annotation Number 5 of 6; the provisions of Section 4, Chapter 201, the statutes of 1925, which are now NRS 533.505, regulating the use of water in places in connection with raising livestock on public range are properly connected with the subject matter of regulating the use of water for livestock as expressed in that statute of 1925. Because the right to use water for watering livestock in this State transfers its value on public range, the forage out there is the only beneficial use that can be made from livestock water rights. And these guzzlers are taking away that value. They are being constructed and appropriated outside the law in my view.

I think by that exemption, the State has either taken through "taking" or through a tort, the rights that were adjudicated in the forties, fifties and sixties to livestock use. The government has the right to take, but in my view, it has to pay for

anything it takes. This is a slight of hand manner of taking something away without paying for it.

Chairman Perazzo asked for a clarification on what a guzzler is and can livestock use them.

Mr. Eldridge responded livestock cannot use them; livestock are fenced out of them. The animals that use the guzzlers are those that can jump the fence, deer and birds. The big game like deer and elk will jump and the antelope crawl under the fence. They are a means to intercept snow and rainfall before it hits the ground either with a tin roof constructed, much like a carport and it is sloped so that the precipitation drains off to one side and down a rain gutter and into a tank that is covered so evaporation is held to a minimum. The animals are given an access to the tank with a cutout in one corner. The guzzlers that are on our range are a plastic tarp that is pegged down all around and it catches the precipitation just as it hits the ground, melts or runs into an underground tank. That tank is covered with dirt except for one corner which has a cutout where the surface of the water shows and has a fence around it. The fences that I have seen are made of posts and stretched cable and livestock can't get in.

Marta Agee asked Mr. Eldridge the dimension of the guzzlers; that sometimes they are in the hundreds of feet? He said they are quite large; I have not seen any that are an acre. When one adds up the precipitation at 6,000, 7,000 feet or 8,000 feet, it doesn't take a large cover to fill two 2,000 gal. tanks. And that is generally what they are in our area.

Marta asked if there was any consultation done on the location of these guzzlers? Mr. Eldridge said there was not. The first we knew on several of the guzzlers was that there were trucks hauling equipment and material. Marta said it would be appropriate for this Board to see to what we can do to require consultation if they are going to have them. It certainly seems that consultation with local permittees would be a bare minimum.

Mr. Eldridge said he discussed the situation with the District Manager of the Ely BLM and asked whether they concurred in NDOW's desire to cover the range with guzzlers. The response that he got was that as long as they looked and considered NDOW's use of guzzlers as being legal under state law, they would continue to grant them.

The Director commented the amount of water that elk drink has been well established scientifically in numerous studies and it is quite similar on a per unit weight basis with what cattle consume. It is interesting to note that elk and antelope, deer and sheep, all in the eyes of NDOW, consume less water than they used to.

The Director said that in the case of the guzzlers, there are two sets of laws which are clearly being impacted or violated at this point in time. However, there are very clear laws on the books; you cannot impede the normal flow of water without a permit from the State Engineer. A guzzler is impeding the normal flow of water whether it comes from rain or snow. He suggested that you (the Board) have to deal with Conservation and Natural Resources, specifically the State Engineer, as well as NDOW.

The Director said there is a very bitter, bitter confrontation going on with the Wildlife Board, the State of Nevada, and NDOW. However this works out, it is going to be very critical to the future of the livestock industry. The present Board is adamant about the fact that the mule deer resources in the State of Nevada have been destroyed by all of these other things coming in. There is a great movement within the present Board to take a really strong look at all of this and to go back to some old time values. There are some people that the Governor appointed to the Board that are trying to bring this forward. The Director of NDOW recently told the Board that they have no standing and that he doesn't need to listen to them and furthermore isn't going to listen.

The Director said it would be appropriate for this agency, if you are so inclined, to ask the Attorney General for an opinion and totally appropriate for this agency to also develop its own position regardless of what the Attorney General says. This agency is here for one reason and one reason only ~ and this Board is here for one reason and one reason only ~ and that is to protect our agriculture. You do not need an opinion from the Attorney General to protect agriculture. This Board needs to step up to the plate and start protecting agriculture because Mr. Eldridge has clearly told you what's happening to him and Mr. Vogler has told you what is happening to him. The Board must step up and protect agriculture.

Mr. Vogler asked can we vote to table and ask for a resolution at the same time? Katie Armstrong advised that the action item was to ask for an Attorney General's opinion. The resolution would have to go on the next Board meeting's agenda.

Hank Vogler made a motion to ask for an Attorney General's opinion on this item as of now.

Marta Agee seconded the motion.

Ramona Morrison moved to amend Mr. Vogler's request. I move that the Department of Agriculture, Tony Lesperance with your input and the Board members input, draft that request to the Attorney General so the request is very specific.

Mr. Vogler was in agreement and said he would allow his motion to reflect that.

Marta Agee seconded the motion.

Boyd Spratling commented that the Board should be specific with the language when they ask for the opinion. Ramona commented that we need to ask the question if there is a reserved water right for wildlife. She said she didn't like open-ended questions and wanted to be specific in the Board's request. We also need to include the issue about impeding water flow that the Director brought forth and the issue of fencing livestock and if that is legal once the guzzlers are in. Marta Agee commented that there are reserved water rights for wildlife. We need to narrow that down as it applies to guzzlers.

Hank Vogler asked Mr. Eldridge if he was in concurrence with the Board's motion. Mr. Eldridge said he wanted more clarification specifically asking whether NRS 533.030 is being complied with under the current scenario with the construction of guzzlers and the appropriation of water.

Motion was passed.

F. Sexual Harassment Training

Sandie Foley distributed a Sexual Harassment Training Booklet, a copy of the Governor's policy on Sexual Harassment and a statement acknowledging the material and training. She asked Board members to take the material home, read it and return the acknowledgment when returning their expense forms. This training will satisfy the requirement for sexual harassment training for Board members per the Department of Personnel.

G. Evaluation of the Director

Chairman Perazzo said he received 8 evaluations out of a possible 11 evaluations. The evaluation ranking was from one to nine: one being the lowest score and nine being the highest. He said the Director's score were eight and nine. Alan told the Director that he and the Board appreciated the job the Director was doing.

Alan read some comments from the evaluations: "Tony has done a landmark job especially in these trying times"; Chairman Perazzo said that was expressed many times in the evaluations. Another comment "I have had good conversations with Tony regarding layoffs, letters, etc." Chairman Perazzo said he read that because he personally felt that the Director is available to communicate with us as a Board when he expresses his concerns. Another comment "he's made continuing adjustments to the budget to accommodate continuing budget cuts". "I think Tony is exactly the right man for the Director position in these unprecedented times and has done a helluva a job".

Chairman Perazzo extended his thanks for the job the Director is doing and the effort that he has put into it. The comments in the evaluations speak highly of you.

The Director said he went to work on a Nevada Ranch when he was 13 years old. He said what he has seen in the last 61 years is very frustrating to him. When he started ranching, there were four times as many cows as people in the State of Nevada and Nevada was cow country. That is no longer the case. We are in jeopardy of losing our water, no consideration for Agriculture. Everyplace I go, it is mind boggling to me, when I see that the people don't even understand the importance of agriculture much less the importance of agriculture in Nevada. No one understands how important it is; no one is promoting agriculture. The University has gone off in a whole different direction. Fifteen to twenty years ago, the University had four full-time people doing nothing but agriculture. Today, they have zero. You are looking at the only person that promotes agriculture in Nevada at this time on an on-going basis. The Director said he gets very frustrated over this.

The Director thanked the Board and their comments.

Ramona Morrison asked the Director that when he took the position, he had promised to stay through the legislative session. She asked if he was inclined to stay longer?

He replied that we have a brand new building that will be done shortly. He said he thought the building was going to change the complexion of the Department rather significantly. It will be an unbelievable improvement. He said I would like to stick around long enough to take that building and promote it where it should be. I am making some progress with people. I go to Cabinet meetings routinely and for whatever reason, I got a standing ovation from the Cabinet last meeting. We are making progress. He said he would like to stay forever, but wants to remind the Board, that you have to have a dynamic Director. My ability to be dynamic will become limited at some point in time. You have to have people that are ready to go to bat for Nevada agriculture with every ounce of energy they have because there is nobody else.

He said I agreed to no more than 18 months. I have been here for 13 months. If the Board wishes he said he would be willing to stay for a period of time providing you honestly evaluate me at least annually.

Paul Anderson made a motion to approve the evaluation of the Director.

Benny Romero seconded the motion. Motion passed.

3. Director's Report

The Director said he had some highlights he wanted to bring to the Board's attention. He said we had some interesting times getting Nevada declared a draught area for last year. I wasn't sure who was doing what to who. Originally, we got Nye and White Pine Counties declared draught areas in October. The rest

of the State qualified, logistically everyway possible. We worked and worked and finally got the rest of the State declared. So there were two draught declarations; one for two counties and one for the remaining fifteen.

He said he wanted to talk about Nevada's agriculture. He said he has played with these figures for years and years. He has sent out reports to anyone who cared about the status of agriculture in Nevada. He was doing that long before he took this job or was a commissioner in Elko. He said he believes in agriculture and has been trying to draw attention to the fact that the face of agriculture is changing in Nevada.

Some quick figures: In 1987, Nevada agriculture produced a gross of 241 million dollars. In 1997, that figure had risen to 325 million and in 2007, it reached 553 million dollars and this year will probably be close to 750 million dollars. Because Nevada agriculture is basically owned by Nevadans, there is very little corporate agriculture. Almost all the money that is generated from the sale of commodities circulates through Nevada several times over. He said you would be totally justified if you use a factor of 1.5 for indirect costs. The director used 1.4; totally defensible. That means if we sell 750 million dollars worth of product in Nevada, we generate another 750 million in indirect costs which adds up to 1.5 billion dollars. If you throw in all the taxes that Nevada agriculture generates, all the property taxes and everything else, you are over 2 billion dollars.

This is the figure I use every chance I get, in front of anyone, anywhere from the Governor on down and to all Department heads. I say it every time I get a chance at the Legislature. Nevada agriculture produces 2.5 billion dollars into Nevada's economy every year.

He said everyone thinks that the tourism industry is the backbone of Nevada. Of the three industries in Nevada, tourism, mining and agriculture, the Director said he thought agriculture will be higher on the scale pretty soon. This is an industry that survives recessions, draught and survives the bureaucracy of the federal government and above all else, it is totally renewable as long as we keep our water.

In 1987, we had 587,000 head in Nevada. In 1997, it dropped to 520,000, 2007 down to 500,000. Last year's figure was 430,000. We think cow numbers will be around 400,000 this year. You would have to go back to the 1800's to get a number that low. So our livestock industry from a member's standpoint is in trouble. The amazing thing is that the value of livestock sold continues to go up and the number of calves continues to go up despite these numbers. What that means is that the livestock industry has made tremendous progress and continues to make progress through efficiency. We are getting many more cows bred than we did 20-25 years ago and producing much bigger calves. And that is how the industry is surviving.

Irrigated agriculture is changing dramatically as well. The number hasn't changed too much, but what we are producing is changing significantly. We used to produce hay, grass and alfalfa hay and for the most part, cereal grains. They are still major items. I don't know how many are aware, that Nevada is now a major exporter of lettuce. People don't realize how much lettuce is being produced in the State of Nevada and exported on a daily basis. We also have a growing viticulture industry. We have about 15 vineyards. We have 3 wine producers and we are starting to produce quality varietal wine that is commanding 50.00 to 75.00 dollars a bottle. We think there is a tremendous future for viticulture in Nevada. Our soils are very adaptive to it. Our climates throughout the middle half of Nevada are adaptive to certain varieties. We can produce as much as 10 tons of grapes per acre on about 10% of the amount of water that is required to produce alfalfa – three cuttings. The base price for hay right now is around 800 dollars a ton. So it doesn't take too much to do the math to realize producing grapes right now in Nevada is a very positive thing.

The Director brought the Board's attention to Nevada's water situation. He said we are all aware of the Southern Nevada Water Authority and its position that led to your approval of a water policy. I congratulate you for it. The policy has gone far and wide, raised lots of eyebrows in lots of strange places and written about in several places. It has been written up in Las Vegas rather extensively with good reviews.

He called the Board's attention to the fact that it is not just Southern Nevada. We have a little problem in the Reno area that I want to go over. Specifically SB 247, which was passed in 2007 and created what is known as the Western Region Water Commission (WRWC). Their mission is to plan for management of water supplies and develop a comprehensive regional water plan for most of Washoe County. Reno, Sparks, and Washoe County, Sun Valley GID, South Truckee Meadows GID, and Truckee Meadows Water Authority have all entered into this agreement. It gives them a great deal of power. WRWC has 173,300 acre feet of water at their disposal right now. The requirement for domestic water (quasi municipal water) in their areas is 137,000 which leaves a surplus of 36,000 acre feet of water. They have released a set of figures which indicate that within the current Truckee Meadows area, the projected population in 20 years will be 750,000, which creates an estimated water demand of 236,000 acre feet per year, which exceeds their existing supply by 63,000 acre feet of water.

So one asks what is WRWC doing to meet this shortfall? They went to Southern Nevada Water Authority and learned how to run the ship. WRWC Board now has cooperators and consultants and Southern Nevada Water Authority (SNWA) is the major consultant to WRWC. We attended a Senate Natural Resource Committee meeting in February, 2009. Mike Carrigan, Chairman, stated clearly that WRWC was being modeled after the model developed by SNWA. This leaves little doubt that without growth restrictions and realistic water conservation, that ultimately WRWC will be attempting to obtain water supplies from areas in rural Nevada.

I will remind you that is already in place because Summitt Engineering pushed very for the pipeline to valleys north of Lovelock, which is a total joke because there is no water in those valleys, but they were trying to get a permit to put in what they needed. They were trying to get a permit to pull water out of there with full knowledge and a full pumping period of one year which would totally deplete that resource. Then they were going to come back to the State Engineer and say we had a miscalculation, but we got all this growth because of this water pipeline, we'll have to extend it. From that point, its 53 miles uphill without a major hill to go over to be in downtown Orovada, Nevada where there is well over 100,000 acre feet of water currently being pumped out of ground. That is their goal. Humboldt County Commissioners tried to tell everyone in the world that, but it falls on deaf ears. I guarantee you that is the prize for Reno, Sparks and Fernley, Nevada.

He concluded with a few comments about the budget. I have sent you periodically everything that we have on our budget. We have lost 23 positions so far and have about 36 – 37% of our money. In all our appearances in front of legislature, a legislature that is Democratically dominated, there is a great attempt to embarrass the Governor and the Governor's budget. We are continually told all these things will be replaced. We are going to do you right, we are going to replace these positions. The fact is that without new taxes, there is no money to replace any of these things at this point in time. The annual receipts have fallen for 13 – 14 months in a row and fell again last month and I don't see an end in sight. The money that the State of Nevada has to work with to replace any of these shortfalls for all practical purposes is non-existent. I do not know how you can change the tax structure in the State of Nevada significantly enough at this point in time, based on the laws of the State of Nevada, to correct any of these shortfalls. There are minor taxation things that can be corrected and they have already set about to that to do that, i. e. room tax. From a practical standpoint, this shortfall cannot be fixed at this point in time.

So the budget is what you have is what you've got. Despite all the promises we received and all these other things, they are fine and I appreciate them, but without a major tax overhaul, nothing is going to change. You cannot overhaul the tax structure of the State of Nevada in one legislative session. The laws are very clear on that. So I don't know how this is going to be. I continually try to tell everyone at the Cabinet meetings that I go to just leave me alone and let me do my job. We'll tighten our belt and this agency will survive with what we have today. We did everything we were supposed to do, we're getting the job done. We've had to do a lot of things that were questionable in the eyes of our budget analyst. We have been criticized on some of those things, but we are still getting the job done. We have to wear a lot of different hats; there no way around that.

We thought we had everything pretty well resolved. We had a workshop yesterday which I have made reference to and I'll tell you briefly about that. We thought we had everything resolved. Our budget analyst from Legislative Council

Bureau told us that we hardly even needed to show up; it was in concrete. We had a few questions and all of us showed up yesterday. It was not set in concrete. I don't know where we are at today anymore than I did a couple of days ago. The meeting was a total wreck. We had people from the legislature who had never shown up on any of these committees before and were there yesterday. They asked me in so many ways if I knew what I was doing. I was tempted to respond that I think I don't, but I'm doing better than you guys.

We have scheduled an in-depth meeting with our budget analyst for 3:00 pm Monday afternoon and we will try and figure out what happened. I can tell right now of everything that has been promised, I believe they are replacing two things; (1) they are going to replace the 20,000.00 for the High School Rodeo. That came from the boxing commission. That is less than 1/2 of 1% of our budget. (2) the agriculture position we have in the Las Vegas office also got replaced.

There are three Board members whose term will expire June 30, 2009: Marta Agee, Jim Johnson, and Dan Hetrick. Jim has put in a lot of effort to find a replacement for his position. The Director thanked him and the support from the nursery industry to fill his position. We need a general farming representative and a row crop candidate. He said the Governor is adamant about changing Board members after two terms and there are no exceptions.

Just so everyone understands, as Director of the Department of Agriculture, I will not authorize Mr. Collis to release brand certificates on any further impoundment unless the law is followed specifically. My advice to Mr. Winker was if it isn't followed specifically, I will provide you with a list of hay growers because you are going to have to buy a lot hay to feed these animals that you impounding because you are going to keep them for a long time.

Benny Romero asked the Director for clarification about comments he made regarding the wild horse issue at the December Board meeting. Are you able to let some information out to the Board now; how things are going now and how things are handled? The Director said it is not in his report but will bring them up to date. I asked Mr. Collis to conduct a full investigation and we are continuing that investigation indefinitely. We have lots of horses in a lot of strange places. There were some really ugly moments. I felt it was Nevada State property and I was totally unaccountable, I felt I had to put myself into it. Every horse is accounted for that leaves that range. You can't slaughter a horse in this country. None of these horses would be eligible for slaughter because they are too small. They can be slaughtered in Mexico. I am not trying to deceive anybody and hide any facts or anything else. If we cannot adopt the horse and we cannot place the horse, I am not going to feed the horse because in a month's time, the horse will eat 100.00 dollars of feed. I have no choice and I am not going to put the horses back on the Virginia Range.

Last year, we had 24 closings with horses on Highway 50. These are state property; the state is open to a lawsuit, the Department of Agriculture is open to a

lawsuit, I am personally open for a lawsuit for the mismanagement of those horses. We are in a very difficult position.

Benny Romero asked the Director about an e-mail that was send in February to all Board members saying that the Director has three areas of great concern: (1) loss of a position with certified seed and organic farming; (2) elimination of 5 of the 12 state funded positions in Resource Protection; (3.) elimination of the position of the Southern Regional Manager, Plant Industry.

The Director said the position mentioned as number 1 was another unbelievable story. We eliminated the position of the person in charge of certification of seed and organic farming. That is a very important position and frankly I eliminated that position because I felt that industry had to come to bat. We had a backup plan. We had an amendment in to save that position and give up two half time positions. I do not want that to be publicly known because that doesn't help us any. Eliminating those two half time positions just presented us with another big problem. Yes, it would save the seed position which is absolutely critical. LCB budget office knew about this and the Governor's budget knew about this. I was giving testimony to the money committee pointing out the ramifications of losing this position. Mr. Hetrick was there in the audience and with him other organic farmers. In the middle of my testimony, I was interrupted by a lady, I had no idea who she was, who came up and sat down alongside of me and told the money committee that we have resolved that position's funding. The amendment is all taken care of. Mr. Collis summarized it better than I could. He said we just saw 80,000 dollars worth of industry support go out the window.

The following Monday I was in the Governor's office with Andrew Clinger, who is the head of Budget, and I cannot repeat in the present company what was discussed in that meeting. But, I more or less said, if that ever happens again, I'll show what a really mad cowboy can be. Governor offered to write everyone a letter of apology and I told him I've already done it. I have said many times and I've said it at Cabinet meetings and I'll say it here and I will continue to say it, the left hand has no knowledge of the right hand is doing. And that is half of the problem we have with the State of Nevada at this point in time. Nothing is a better example of that than to have lost 80,000.00 dollars of industry money. So we saved the position and I have to give up two-half positions to do it.

We have 12 general funded positions within USDA in Resource Protection. This covers a wide variety of activities. One of the very important functions is keeping geese under control at the airports. There is a variety other things that are done for people other than the livestock industry. At this point in time we are down 5 positions out of 12. This is going to cause an economic impact and I presented this to the legislature last week. My estimation is if industry is not going to come to the bat and we lose these positions, it will cost the livestock industry in the State of Nevada almost 6 million dollars annually.

Regarding the Southern Regional Manager, Mr. Foster is the Northern Regional Manager who is a much longer employed person and has a great deal more education than the Southern Regional Manager. I absolutely cannot lose that position (Ed Foster, Northern Regional Manager position), so the position down south goes.

B. Nevada Department of Agriculture's marketing plan

Ed Foster told the Board that a couple of years ago when he was in Class 2 of the Certified Public Manager's Program a part of the Nevada Certified Public Manager's Program involved a problem solving exercise related to other state agencies. The coordinator of the program puts a request out to former CPM graduates looking for problems that a team of 5 must solve or at least address within a 48-hour period of time.

I kind of ignored the request until we had a stray horse issue one day. On this one day it was particularly a little hairy. And the response to that request from CPM to give us an image building campaign at the Department of Agriculture makes us look a little better because it seems like for the most part, for at least the last 9 years that I have been acting Public Information Officer, something bad happens. I throw a bunch of words on top of it and a couple of quotes from Tony or experts like Phil or Dr. Rink and life goes on.

This plan has many ideas. The first one being that NDOA needs a full time Public Information Officer. You guys have heard this over a bunch of years, every legislature, somehow it is up in the top 5 and then it falls off at the end. Public information is definitely an important aspect of an agency's function and how it falls in the legislature. As Tony said, the Las Vegas people don't have a good idea of the northern 15 counties and what is going on in Nevada – that there is agriculture in Nevada. As I mentioned, the PIO at the Department of Agriculture has always fallen down in prior sessions of legislature. We got someone who does it part time and I guess that is okay to go forward, but we haven't done a lot of positive image building to the public.

My charge to this group was for low-cost, as in none, bunch of ideas that we could put out there and get a better image going. Some of the better ideas they came out of this plan that we can actually do with the current resources that the Department has is update our website to give the public more information. We are in the process of updating the website now. We are about 3 months out to having a good, sharp website.

The Internet is a wonderful resource. We need to push the positive aspects of NDOA. Tony had the biggest one that has happened in my mind this year as far as the public goes. Agriculture productivity is up 43% in Nevada and NDOA is involved in almost every aspect of that.

Our turn-around-time for West Nile virus testing was the fastest testing time in the West. That is a pretty big deal. The county vector controls and our State Lab, under Phil and Dr. Rink's direction, are doing a great job.

The Metrology Lab, Weight and Measures, received a ten-year accreditation this year. This was based on their excellence. We need to push that. Everything that is scanned is regulated by Weights and Measures. Everything that flows is regulated by Weights and Measures. We have successfully controlled the Mormon Cricket population in Nevada. Has NDOA done a great job? I know they did a great job. Jeff has an excellent crew and adequate funding to make sure that resource is totally spread out to maintain productivity and loss of crop land.

4. Division of Administration

The Director requested Maureen Groach, Administrative Services Officer, to provide the Board with a brief overview of the process involved in the preparation of the budget. Maureen said the process is done every two years. The even number year is called the base year. In this case, it was 2008 and we built a budget based on 2008. Maureen said you start out with your base and then build on that. This year was different. Two years ago, we were given enhancements, hundreds of thousands of dollars, to buy vehicles, deferred maintenance and all kinds of equipment. This time is vastly different.

We started out with 2008's expenditures to build our base and was told by the budget office that because of the economic downturn, we were going to get enhancements that were negative. Before we started this process, the Department had about 25% of the agency's budget based on general fund and we are now down to about 18%. We started out with the base year and then were told that 25% of our budget was covered by general fund and needed to be cut by 14%. We started out with the base budget in Fiscal '08 and started cutting from there. The fee based budgets were fine; didn't need to be cut. But we do have five general fund budgets. We started trying to come under the number they gave us. I believe it was about 3.5 million per year. We took Fiscal 2008's budget and cleaned it up. We then calculated the general fund that we would have needed to keep going at the same rate and started cutting from there.

We did have a lot of vacant positions at the time and that helped. We didn't have to start layoffs last summer. Positions that were open were just not filled. In order to stay under that cap, we had to cut other operating expenditures. The Department does not have a large operating budget. Most of our money, especially in the general fund goes to paying people. Some of the cuts we made were cutting the Board of Agriculture expenditures, Junior Livestock expenditures, some travel in administration.

Then you prepare the budget based on the base and in this case we starting cutting from the base instead of adding to the base. And by the end of August,

you have to submit it to the budget office. We were successful in meeting our obligation to come under the cap.

The next step in the budget process is to turn the budget over to the budget office. The budget office looks at every single line item that we have submitted. They will call and see an expense and say it looks like its on one-time expense, we're taking it out. The budget goes down. In the general fund budget, they are looking for every single dollar they could find. Behind closed doors in Carson City, they whacked away at our budget. We really didn't see what they were doing. If you didn't spend it or you spent it in an one-time expense, they took it out. That continued on for a few months. During this particular session, we again experienced major downturns. Things got worse and worse. The budget's office obligation is to prepare, by law, a balanced budget. The budget's office kept trying and trying to balance it.

On November 20, 2008, they gave up trying to balance it and said we need 20% more. That was a tremendous, tremendous blow to us because that is a lot of money to us. That was about 800,000 dollars in general fund money. Everyone contributed to the cuts. We couldn't cut travel and supplies to zero, so the only thing we had left was people. So at that point, everyone coughed up a few people. We took a look at staff and what would cause the least harm to the agency.

The Director said that everyone received a confidential copy of the proposed personnel that would be laid off at the December Board meeting in Las Vegas. He said he asked everyone to keep the information confidential because it would jeopardize positions. He thanked the Board for their confidentiality.

We went forward with that. They still hadn't decided how bad things were going to get. We didn't hear until January 2, 2009, that they were going to take another 100,000 dollars.

So that is the first 2 phases of the budget preparation. This is an extremely unusual year. At the end of December, the budget had to be turned over to legislature, but they had some problems balancing the budget. That is when we started putting in the 6% reduction in salaries and the SAGE Commission reductions. They had to find something, a mechanism to balance the budget.

Then it goes to Legislature, the next process. They found a couple of mechanicals in the budget that we needed to correct. Now we go into the next stage of negotiations. When we testified March 5, 2009 before the legislature with our budget, they started feeling sorry for us. Tony had directed us to be extremely positive about the cuts. We had been listening to the other agencies testifying and everybody had their hand out (for money), whether it was Cultural Affairs or Health, or Education. We assured everyone we were going to be fine, everyone will be wearing four hats.

From September to December, we have a Budget Office analyst. We have a wonderful communication with our LCB analyst. This is her second session with us and she has learned our agency backwards and forwards. The Department got a lot of positive feedback from her last Friday. Yesterday we got the feeling that the Sub-Committee on Government Affairs was trying to help us.

The Governor's budget is called the Governor Recommended Budget, ours is called the Agency's Request. It will be about 6 weeks before we know what we have. They are talking about restoring positions.

The Director told the Board that how the Department spends money is very tightly controlled. He said looking back at the history of things, it is much tighter today than it was a number of years ago. Wherever an item is budgeted, that money can't be moved. It is budgeted for that function whatever it might be. Sometimes we have a limited flexibility on temporary positions, they may stretch a little, but as far as the major movement of funds, our hands are totally tied. The Director brought the Board's attention to Page 96 in the packet. He wanted to call attention to the fact that every budget has performance indicators. This is the mechanism that is used to evaluate the agency's progress.

The Director said if receipts continue the downward trend, it is his opinion that we will be asked to make additional cuts sometime after our budgets are approved. He said he expected another 5 – 10% cut. At this point in time, so everyone understands, there is only one place that I have left to cut and that is Resource Protection. There were 12 positions there, we have already cut five, there are seven left. If I cut anywhere else at this point in time, that Department will collapse. I cannot take any other positions other than Resource Protection. I'll still have those 5 positions and if the budget continues in the direction it is going, by January 1, 2010, I suspect those positions will be gone.

2. C Ed Goedhart – a presentation on Amargosa Valley water problems.

Mr. Goedhart said he was at the meeting today because the Director thought it would be good for him to give a producer's perspective on certain issues, certain challenges that the producers in Nevada face; not only economic, but sometimes on a regulatory as well.

We are all struggling with the budget on the State level. We all realize that when the economy takes a sharp turn for the worse, it affects all of us. Even on the government side of things, if they are not allowing businesses to prosper and move forward, eventually that has a trickle down effect even to the government coffers as well. I am not blaming that on regulation. There are a lot of different reasons. Nevada has been, for many years, very reliant upon gaming and tourism and to a much smaller degree agriculture. Tony likes to believe that we can still maintain agriculture in the state and still be a vital part of the State's economic diversification.

Tony and Ramona visited his place in December and Mr. Goedhart showed them some of the hurdles and hoops that he has gone through. I've been a Nevada resident for about 12 years. I did spend about 18 years in California, about 14 years in Michigan. I have a limited perspective as it relates to a few different states and a few different areas. Of course in Nevada, one of our challenges if you are a producer, is that there is, especially in the rural counties, an overwhelming percentage of federal land. In Nye County for example, 98.1% is federally controlled. With that comes a lot of pertinent oversight from their lands. In Nye County, for example, we have the U. S. Fish and Wildlife Service, the BLM, the National Park Service, you have the Spring Mountain Recreational area, the DOE and the DOD; a whole plethora of different federal agencies.

Assemblyman Goedhart said when he came to Amargosa Valley, he saw that there was a lot of smaller recovered water right holders, but a lot of smaller fractured, fragmented pieces, because they were put in existence through the Desert Land Entry Act (DLE) in the fifties and sixties. It was kind of boomtown then. You could go out there then and for a few dollars, file a deal with the BLM and prove beneficial use on 20 acres out of 320 and get water rights.

Amargosa Resources, Inc. (ARI) came in the valley in 1992 and they wanted the State launch a bunch of hearings to see who had and who had not used ARI. They wanted to make beneficial use, it was a little water grab. But the State came in and said this valley is over appropriated. They basically revoked about 30% of the water rights. That happened in the early '90's. Along the way, some people filed class action suits because they said the State had not executed their authority properly in compliance with due process. There were quite a few cases that actually went through a district court and to the Nevada State Supreme Court where the State's forfeiture rules were actually overturned. In fact, we had a forfeiture notification in Amargosa Valley for about 4 years. We were told by the State to get off that field, plug up the well, disassemble the pivot. I contacted the man I lease the land from and he says we have the water rights. We initiated another one of these dog and pony lawyer shows. The State lost in the District Court level and decided that was not good enough and appealed to the Nevada Supreme Court. I spend 100,000 dollars in attorney fees and I am sure the State spent 100,000 dollars as well. The State Supreme Court tells the State, "no, the water rights are valid and in good standing". So I am thinking, "okay, we are in this budget crisis, we've got state employees trying to forfeit private owners property and they are taking the scarce resources from the State Attorney General's office to prosecute these forfeitures, having them deemed unconstitutional in District court". It doesn't make sense.

There are a lot of small water rights holders. We bought a lot of water rights and we aggregated them onto the dairy property and then we went into this little interesting thing called the Federal protests. You move a water right maybe about a mile or two miles and some in cases as little as five acre feet, and for those of us in farming, that's enough to irrigate one acre of alfalfa. We had bought a lot of water rights and in some cases, five, six, seven, eight years go by and we are

unable to use them because the Federal government had filed a protest and the State was letting all the protests accumulate. Finally, in September of 2007, we were able to hire Michael Turnipseed and couple of attorneys from Las Vegas, hired geologist Dwight Smith, who helped out with Coyote Springs and a couple guys out of New Mexico. There was a whole team of attorneys from the United States Department of Interior, and we had court hearing. In January of this year, we received a notification.

In some cases, you buy water rights. They are valid, certificated, permitted in good standing. These are not new appropriations we are calling for. You can sometimes have to sit on them for 5, 6, 7, 8 years. That is like buying a brand new Ford Mustang, and taking it and parking it in the garage. You go down to DMV, and they say well, "no we can't give you a license plate because someone protests you being able to drive that car". Then you have to go and spend your own money and it might be 6 or 7 years before you get a chance to drive the new car you bought. Those are some of the hurdles and challenges we face because I think that agriculture isn't real big and it was never really looked at as being very vital to Nevada's economic health by a lot of folks.

So it seems like wherever we try to get something accomplished through the State, we're usually in a "back of the bus" type of scenario. It is interesting. We had agricultural plates on over-road trucks. The States charges you tax on the unladen weight vs the gross vehicle weight for your truck and trailer.

Mike McGuiness just introduced a bill. It was amazing that every truck you owned had to be weighed every single year. I have two certified weight scales that are checked out by Nevada Weights and Measures and by our own Fairbanks Scale Maintenance Company. I get those checked out every two months. They say you have to go to a certified scale weighmaster with a certified scale. It's the same truck and the same trailer every year and we have to take 20 trucks 110 miles to Las Vegas empty and get them weighed at the scale there and drive 110 miles back. We are running 20 trucks 8000 miles every single year. Mike McGuiness has a bill that just passed the Senate subcommittee that says if it is the same configuration, truck and trailer, you weigh it once, pay the taxes every year and go on your way. These are just common sense things.

I had another case where we had the overweight, overlength permits. In Nevada, you can run up to 129,500 lbs with a nine-axle configuration. We were hauling wood waste from Las Vegas, grinding it up and mixing with our manure to make high value compost. Last year we sold about 400,000 dollars worth of compost. We take the bigger chips to burn plants and sell that for a biomass fuel. Our trucks got stopped 3 times within a week. We were told you have AG plates and we don't believe that is somehow is relevant to your operation. So they wrote us an 80,000 lb overweight ticket; 15,000 dollars in fines. In Clark County you have to pay the fine in full before you can even take it to court and fight it. So now I had to hire an attorney to go ahead and fight those three tickets. I finally get a Lieutenant from the Nevada Highway Patrol (NHP), Las Vegas, to take a tour of

our facility. The Lieutenant agreed it is for agriculture use. I asked about the 3 tickets. The Lieutenant said that because of the way DMV wrote it and they put the unladen weight as your gross weight and because they put the numbers in the wrong spot, we believe our ticket is valid. You get hit with that again, again and again. Eventually, you say to yourself, they are regulating us out of business. They are not working with us as a producer to be able to stay in business.

We had a case with Hidden Valley Ranch, a seasoning dressing place. They have some waste water which is ranch dressing and they hose down the machines. All that stuff has a high DND. So it is kind of expensive to run it through the waste water treatment plant. It has a very low ph. My compost is almost too high of a ph. I want to bring the ph down. So we did the studies. We gave them the specs. They said okay, you have a 90-day pilot project. But this took weeks and weeks and paperwork and reports back and forth. How you going to inject it, what is the temperature the day you injected it, what was the method?

We rented a couple sets of tankers, we're using it, we're making a great compost out of it. Forty-five days into the process and I had this worked out with Mr. Taylor, Division of Solid Waste. I get a call from the Bureau of Water Pollution Control. Stop, immediately! What are you doing? That's industrial waste! I said I just worked it out with John Taylor and I have the permit. Are you telling me that the permit from one department underneath your agency does not hold water with the other department in the same agency, within the same state? Permission was granted to finish the 90 days, but after the 90 days, the Bureau of Water Pollution control wants to jump in. You're going to have to have an impervious pad underneath your compost. I am going to need a 40-acre 6-inch thick concrete pad. After the 90-days, I said I'm not going down that road and got out of the lease on my trailers.

That happens to you so many different times on so many different levels. We do a lot of work in California, Nevada, Colorado, Kansas, Oklahoma, and Texas. We know how the regulations work in a lot of different states. I love Nevada, but it is the most difficult state to work with and we have more obstacles put in front our way than any state.

We were working on our Beverly Hills permit in Amargosa Valley for about 5 years. It has gone up to the District Court. We appealed it to the State Supreme Court because after we got our permit, someone filed a complaint. So EP says now you have to take it back to the Nevada State Environmental Commission. The laws have changed in the meantime and I said I shouldn't have to do that. So it went to District Court. The Supreme Court denied my appeal. Now it goes back before the State Conservation Commission (SCC) and I am going into 5 ½ years into this permitting process and about a half of a million dollars. If we're going to go ahead and really recognize and fulfill our potential here in this state, it's not going to be done with that sort of regulatory approach. I am not saying that because I don't like Nevada. I am just talking as a business person, as a

legislator, talking as a matter of fact. It's a great state, but I think we have folks in those departments, Natural Resources and what not, that are not really knowledgeable about agriculture.

The Director spoke about the attempt to convert animal sludge to municipal sewage and that will come before the SCC. The Director is a member of the SCC and has forewarned the SCC that he will come in with every ounce of energy he has and with as much information as he can. If we allow the State of Nevada to declare animal waste as municipal sewage, we've totally shot ourselves dead. The Director said he will fight that every ounce of energy he has.

The Director said the Board unanimously passed a water policy. And that water policy has a lot of very specific language in it. The Director said that Mr. Goedhart covered a wide variety of things today and mentioned a bit on water rights. Having visited your facility and having heard your story and seen it first hand, I am absolutely convinced beyond a reasonable doubt that there has been collusion, for lack of better words, between the State Engineer and federal agencies. I believe by the passage of the Department of Agriculture Water Policy Statement, this Board has elevated itself to a very lofty position on water policy.

The State Engineer and the head of Natural Resources and Conservation is very aware of this policy. In fact, they even offered to help me write it. I indicated that I thought I was able to write it to the Board's specifications myself and apparently I was because you unanimously approved it. I thought the Director of the Department of Conservation and Natural Resources would be here today. He is very aware of the fact that you (Mr. Goedhart) are here today and very aware of what you're talking about. I think this Board ought to pursue taking a very strong look at the problems you have faced. I think your hands have really been tied by the State Engineer more than anybody else.

Mr. Vogler commented that there is a double standard out there. It is not being applied equally throughout the state on anything. We, as a Board, that has a strong policy, do we have any recourse? Can we ask the Governor, can we convene a grand jury? There has to be some vehicle. These other people should be brought forward and make clarity all over the state. They can't have it both ways. They can't have it one way in Amargosa Valley and another way in White Pine County.

The Director responded to Mr. Vogler and stated he thought the Board has the authority to do anything it wishes to do, including subpoena, if need be. This Board can go forward and prepare a paper, an investigative report, on what is going on in Amargosa Valley. I believe we do have some friends elsewhere that can help us get this out and if this Board is willing to stand on its hind feet and come forward for the protection of agriculture, it can do anything it wishes to do.

Mr. Goedhart asked the Director are you talking about the possibility of having a different type of position, an ombudsman, to assist producers as it comes to

resource issues such as water and land? The Director said yes and thanks to you that is being introduced next Monday.

The Director said Mr. Goedhart's position affects a lot more than Mr. Goedhart. It affects the State of Nevada. If State of Nevada has to wake up to the fact it has many, many resources which are being tied up. We've talked about several already today. I cannot urge this Board enough to stand up on its two hind feet and protect the future of the State of Nevada. It is basically up to this Board.

5. Livestock Identification Division

A. Division Update

1. Staff Update

Chris said they have had quite a few investigations going on. Staff update is in the Board packet (page 103).

We were able to hire a Deputy II Brand Inspector in Las Vegas. Her name is Patty DuBois. She put herself through POST so there was no expense to the Department. We've had several Deputy Brand Inspectors hired around the State and a few terminated.

2. Virginia Range Estray (VRE) Program Investigation

As the Director mentioned, we were involved in an investigation in the VRE program. After a lengthy investigation, we made several recommendations.

1. All horses that are captured should be implanted with a microchip.
2. All captured horses should be given an estray number and advertised immediately.
3. The above information should be entered into a database weekly.
4. The disposition of each horse should be kept in the database (this should include brand inspection certificates and health certificates and addresses of those placed in foster care).
5. We should be able to track every horse and have a running inventory at all times.
6. All Memorandums of Understanding (MOU's) with the non-profit horse groups should be reviewed.
7. The VRE Program Officer should be given a set of guidelines; policies and procedures and these should be reviewed regularly until they become automatic.
8. The Nevada Department of Agriculture (NDOA) should keep the non-profit horse groups informed of what we're doing, how many we have and what is available for adoption.

3. Abandoned Horses

Chris said the Department is still picking up a few horses in the North. Since the price of hay has gone down, it has made a big difference in the North.

In the South, they are still experiencing abandoned horses. On February 19, Blaine Northrop (Elko office) and Patti DuBois attended a task force meeting in Las Vegas. The Department of Agriculture, Clark County Animal Control and several horse rescue groups attended. They decided to establish a center for deposit or disposal; it is like a transfer station. Unwanted horses are brought to this center. The horse will be assessed by a veterinarian. He will make the recommendation whether the horse can be made available for adoption or euthanized if their condition warrants it. They have also agreed to process unwanted horses through slaughter channels although they prefer these animals be made available to zoos. They will meet again on March 5th. The source of funding is unknown to Chris.

4. Presentation to Assembly Natural Resources, Agriculture & Mining Committee and the Senate Committee on Natural Resources.

Chris made presentations to these committees on February 4, 2009 and February 5, 2009.

5. Presentation to combined Finance Committees

Chris made budget presentation to the combined finance committees regarding Budget 4546 on March 5, 2009. Chris said you make a presentation and it seems to fall on deaf ears. It is kind of frustrating to make a presentation and maybe a day or two later, have a set of questions thrown back at you, material that you have presented to them.

B. Livestock Movement Permits

Chris told the Board that the new livestock movement permits are being used at the present time. We have received 31 applications. It seems to be pretty well received by industry. We have a few glitches in the program. We are going have to come up with something different for the feedlot in Lovelock and Yerington.

C. First supplement to the 2008 Brand Book

The first supplement to the 2008 Brand Book has been published, dated February, 2009. Three hundred and four new irons were registered.

Boyd Spratling asked if the 304 brands in the supplemental book are new brands in the State of Nevada or are they brands that have just lapsed and then they reapply? Chris said it is a little bit of both. Some of them failed to respond to our rerecording notices. On some of them we didn't have a new address. We aren't

allowed to record a brand that has lapsed for a year. So we publish a list of brands that have lapsed and there are a lot of good irons there. People take advantage of waiting until the year has gone by and then they are ready to pick up a brand that is a lot better quality than what they would be applying for.

Hank Vogler asked Chris if he thought if any of the transportation certificates could be alleviated by realigning of boundaries and has that ever really worked?

Chris said when the Director first appointed the committee, he thought that would be one of issues they would want to address and they didn't. I do know that we have an assemblyman that's very interested in addressing district lines and I think that at some point in time we're going to have to. They were set up over old grazing district lines and some are obsolete. I do know that Jim Connelley went to hearings around the State and asked for comments to be made. I think I've gotten maybe two letters from producers. So there doesn't seem to be a great deal of interest in the line now and I think maybe the movement permits are taking care of it. I've always handled enforcement on some of these district lines with a little common sense and hopefully my officers are also doing the same.

6. Plant Industry

A. Division Update

Dawn announced the recipients of the 2009 USDA Specialty Crops Block Grant. This is a grant that the division gets and is in its fifth year now. It is through the Agriculture Marketing Service of USDA. We have chosen six recipients this year and in addition we have given additional funds to the Western Nevada College to help us with some marketing for the Plant Division as well. We are thinking about becoming involved in USDA's Good Handling Practices and Good Agricultural Practices auditing program that they have. And if we do that it would be through Western Nevada Community College. They have given us a really good proposal on how they plan to do that with us.

This grant this year was \$102,000.00. We did get some additional monies last year as a result of the Farm Bureau, so we kind of have overlapping grants. We have another one coming this year on a regular federal year as well as probably another Farm Bureau one. So we really are looking at a couple hundred thousand dollars a year that comes in to the Department and that we farm back out to the producers that qualify.

Dawn said she would really like to give kudos to those people who run the grants this year as we reviewed the applications. It really is an intense application; it's about 26-pages long. And the people who run these grants did a really great job filling out those applications. I am excited, just to cite some of these (recipients) especially Chickie Baby Blooms; sounds like a fun project. That one is in Fallon and encourages the kids in the community to learn about agriculture and marketing and how agriculture works in a hot house setting.

The new building is coming along. We are working with Public Works and it looks like we are going to be on track in terms of when we are going to move in. We have gotten a contract with Puliz Moving Company and they can move us lock, stock and barrel in three days. This particular contract does include them picking up and moving some file cabinets for those divisions that have a pretty weighty file storage system and taking those over to the building and then having us unload them there. As it scheduled right now, we will move the first week in July. We think that we probably will be able to move into that building on June 30th. There is talk about that being sooner, but as far as any formal date, Public Works right now is saying June 30. There are a lot of things we are not taking over in this building as all the furniture will be new, all the desks, all the file cabinets, everything is new and already in that building. Personal items, of course, are everybody's own responsibility and after that there really not a lot left except for the files. The moving company will also move the computers and any of the specialized lab equipment.

Dawn told the Board there were an amazing amount of things that were included in that construction, in the furniture and fixtures and equipment budget. She said we are really fortunate and I think certainly very appreciative to have this new building.

Director Lesperance told the Board it is important that the Board understands exactly what happened. It was a miraculous series of events. The bid, probably if it had been 10 days earlier or 10 days later, would have been disastrous. But it occurred at an exact date and time when everything was falling apart and a major company made the decision to not let the downturn cause their people to be laid off. And so they went after the project, hook, line and sinker. The State of Nevada is getting a building, 100% complete, for around 19 million. The original quote was approximately 37 million dollars. So for once, things went right. The Director said the building is beautiful and state of the art.

Dawn said she wanted to say a few things about the Division of Plant Industry's budget. When I was told how much I had to cut, I kicked and screamed and I refused and I waited literally until 11:00 pm that night to send an e-mail out because I did not want to do it. But when you are given an amount and told you have to cut that much and you are already down to bare bones, you have to do what you have to do.

And looking at the list of employees and looking at the various ways, that you cut: geography, class, longevity, department mission, it is very difficult. There are a lot of factors to take into consideration. It is crazy to try to figure out who is going to do what, how are we going to compensate for the people that may or may not be gone at this point. I have to compliment my staff that they haven't all gone completely crazy. I think we are doing a pretty good job at holding together with all of this. I think that there are going to be some differences in opinions on the priority list. I hope you all agree when it is all done and said that we did the right

thing and we will continue as a Department to provide the services as best we can to the people that we serve. With these kinds of cuts, that is the best we can do at this point. Again, I want to compliment my staff for doing a great job in a really crazy time.

Ramona said this one division has been hit harder than any division. And then you guys have taken administrative positions without pay increases. So I think we have to commend you for what you've done. I think we owe a big debt of gratitude to what their doing under extraordinary circumstances. We haven't seen circumstances like this in over fifty years. I think the Board owes you guys a great deal of gratitude.

B. Environmental Compliance Branch

Ed Foster presented for Chuck Moses who was a legislature.

1. EPA Quarterly Report

Western Regional Inspector Training Program is going to be sponsored by the Department of Agriculture in Las Vegas during the week of April 6, 2009. This is to fine tune everybody as far as protocol, any changes with the inspections criteria that we have coming down from EPA.

A waste pesticide collection event was held in Las Vegas on November. A total of 560 pounds of waste pesticide were disposed at our Las Vegas office.

Groundwater monitoring took place in the following locations around Nevada: Lamoille, Jiggs, Spring Creek, Paradise Valley, Orovada, Lovelock, Mason Valley, Smith Valley, Gardnerville, Las Vegas, and Dayton. Results will be reported at next Board meeting. We are primarily looking for pesticide contamination when we do these groundwater wells.

The NDOA Safety committee is going to meet again April 16th. Currently the Emergency Response Plan is completed for the Reno office, the Hot Work Plan (related to fire) is complete for the Las Vegas Weights and Measures office.

Monthly report from the Rocky Mountain Poison Control Center is included in the Board packet.

Regulation changes that were approved by both Senate and Assembly legislative committees:

- \$25.00 fee for lost, stolen or destroyed cards.
- 6 month wait for person caught using an unauthorized testing aid for certification test

- Suspension of monthly Restricted Use Pesticides report submission for non-agricultural licensed applicants.

C. Request approval to disburse \$5,000.00 to Hanu Pappu, Washington State University, in order for Nevada to be included in WSU research concerning the hosts and range of the Iris Yellow Spot Virus.

This item was presented by Steve Marty. He said this was approved by the Nevada Garlic & Onion Board. He said this research is looking at Iris Yellow Spot Virus that is the cause of significant crop losses in onion and garlic production. To date, this has not been found in Nevada. Unfortunately, it was found in the course of the research here. The researchers were under the impression that hygiene practices in the Mason Valley were such that the virus was not likely to cause significant crop losses, but we will most likely participate in the study in the future to keep an eye on things and monitor.

Dan Hetrick moved to approve the expenditure. Ramona Morrison seconded the motion. Motion passed.

D. Request the Nevada Board of Agriculture to appoint Mark O'Farrell and Rick Lattin to the Nevada Organic Advisory Council.

Mike O'Farrell and Rick Lattin, both organic producers in the State, have been nominated by Council.

Steve Marty gave a brief background on the nominees. He said Mr. Lattin is a 5th generation Nevadan and farmer. He also produces conventional crops in addition to organic crops. He serves on multitude of Boards, such as Nevadan Grown and is very instrumental there. Steve said he is very savvy I would think as far as processes and sort of obligations or limitations of these Boards which was perhaps a problem in the past. I think he is an excellent choice.

Mark O'Farrell also has extensive conventional and organic crop production experience. He actually served as an Extension Agent in North Carolina for a number of years. Currently he is running the organic farm at the Carson City minimum security prison. Also, he is very versed in government. Marty said he is a very qualified Board member.

The Nevada Organic Advisory Council essentially can suggest names and then the Board of Agriculture appoints. These people are at the meetings, they are involved in what we are doing, they are concerned and they have the time to participate.

Dan Hetrick moved to approve Mr. O'Farrell and Mr. Lattin as Board members on the Organic Advisory Council. Ramona Morrison seconded the motion. Motion passed.

E. Request the Nevada Board of Agriculture to waive the requirement of manufacturers to submit one-gallon anti-freeze formulation samples with their annual license renewals.

Chris Mason, Chief Chemist presented information regarding this item. Chris said we had a housekeeping bill in front of the legislature and it was decided to treat it as a budget bill. The Governor declined to include it in the budget. The essence of the problem is we're required to receive a sample of antifreeze that is registered in the State. When there were 20 or 50 samples, that was not a problem. We are up to 220 now. The only inspection we have been doing is checking the label. We have no need for gallons and gallons of anti-freeze to stand around and have to dispose of them every year. We don't see the advantage of getting a sample. We know its going to be a good sample because they (the companies) are the ones sending the samples. We are hoping to waive that requirement. We are hoping the Board may have the authority, and we may need guidance on that, to require us only to accept a label review as a sample. We would like to make it a matter of policy to treat the label review as a sample.

He said we have not been running the samples since before Dr. Mason joined the Department which he said was 24 years ago. It has been general policy to not run the samples. We use it as a base line in case there is a complaint. Dr. Mason said they have received only 2 – 3 complaints in the time he has been with the Department.

Marta Agee asked if there was much fraud? Of course, we wouldn't know if we haven't been testing she said. Dr. Mason said he doesn't think there are the problems with antifreeze now as in the past. He said he assumed this testing requirement was put in place when there were more complaints about antifreeze. It's made by half a dozen manufacturers.

Marta Agee asked is the product coming in from China? Dr. Mason said not as far as he knows; it is put together by major refiners. But we are still open to testing samples if anyone has a problem, complaint, or question. Marta asked if someone wanted their antifreeze tested, you would test for them? Dr. Mason said yes and we have done that.

Chairman Perazzo said he assumed industry was in favor of what you're proposing. Dr. Mason replied that he never polled them.

Paul Anderson commented that he didn't know it was an option that the Department could test the product. He asked Dr. Mason what process do you go through, the actual test, to test the integrity of the product? Dr. Mason replied that the testing was very limited. We've done about two or three in the last few years. The complaints have been about freezing mostly. We would put the sample in a freezer, and there are a few other tests.

Hank Vogler is this a law on the books? That you are supposed to annually test? Dr. Mason said yes it is. We tried to get this requirement waive and it never made it to LCB. This year it got mixed up with budget bills because we also tried to put in for a fee for late registration. And it became a budgetary item, however, we weren't planning on getting any cash from it. It was meant to be an incentive for prompt registration.

Hank Vogler wondered about the liability to the Board of Agriculture if we instructed anybody to ignore our State's NRSs.

Ramona Morrison asked if "inspect" is defined in the NRS"? Dr. Mason replied no, it isn't. Ramon said then if inspect is not defined, she thought the language is loose enough that we can make it a policy of the Board to inspect the label, not physically take and test a gallon of antifreeze. Dr. Mason said that would be his hope for the interpretation. Ramona asked if he thought that would be consistent with statute? Dr. Mason replied yes.

Boyd Spratling moved that the Board of Agriculture waive the requirement that manufacturers submit one-gallon antifreeze samples with their annual license renewals.

Katie Armstrong said we need to look at these laws more closely. If it is not stated, it is a matter of interpretation. Katie suggested tabling this action until the next meeting or just not taking action on it right now. She would be more comfortable with that.

Katie said this not something the Board needs to vote on right now. She said she wants to take a look at this and interpret it to see how the Department wants to act. But if it is not in the law that you have to get this gallon sample, we probably don't have to do that. Katie wanted to take a better look at it.

No second to the motion.

Ramona moved that the Board table the action. Paul Anderson seconded the motion.

7. Animal Industry

Tuberculosis: the last time Dr. LaRussa reported to the Board, tuberculosis existed in Michigan, Minnesota, New Mexico and California. Those states are still involved, however, the entire state of New Mexico had a reduced status of MAA, Modified Accredited Advanced. Since that time, they have applied for split state status. Two counties are now MAA and the rest of the state if considered free.

The last time I talked to you, California had three infected herds in the Fresno area and now it's four and includes the Ontario area. With those additions, they're (USDA) going to have to depend upon the new federal flexibility rules as far as

zones of infection. The new flexibility rules associated with infection of brucellosis in the greater Yellowstone area means that they are going probably going to establish a zone of infection which would not be states particularly involved. They (USDA) can change the size of the zone here and there as rapidly as possible.

CEM – contagious equine metritis. CEM was found initially in Kentucky in horses. They had initially had three stallions involved. At the present time, there are 14 stallions involved in Georgia, Texas, Kentucky, Wisconsin, etc. Forty-four to forty-seven states have mares that have been received from those geographic areas that were exposed to CEM. They found 3 mares that have been infected through artificial insemination. In the state of Nevada, two mares were exposed by artificial insemination in the Fallon area and both have tested clean.

A. Update from Western States Meeting

WSLHA – Western States Livestock Health Association is one of many sub-groups of the United States Animal Health Association. The 19 western states that belong to the United States Animal Health Association meet once a year. A strong emphasis was put on emergency preparedness at the meeting. Along the lines of this emergency management and emergency preparedness, they wanted to designate new additional points of contact. The concerns that Dr. LaRussa had about the presentation is that the federal government made an announcement that they are going with a new program called 2015. 2015 is a concept. The concept is not well developed yet. You see many visionary concepts from the federal government. They might call it safeguarding, they might call it a 5-year plan, etc.

In this concept, the concept is to pull all federal employees from field operations from within the states and put them in centralized areas sitting around thinking good thoughts and doing good deeds. The unfortunate part that applies to the State of Nevada is that we do not have a field force in the Division of Animal Industry with one exception. We have one Program Officer in the field and that Program Officer works with the Virginia Range program. The rest of our employees are either staff members in the office or associated with the laboratory. So of the approximate 9 permanent employees, soon to go to 8 employees (with the new budget), the loss of the federal cooperative personnel is of strong interest to us. Even if the federal personnel were to come up with a lot of money, give us a cooperative agreement, and say hire some people for the field, with the current budget situation, we would not be able to do that.

A lot of time was spent on regulatory diseases at this meeting. Some I've already mentioned: CEM, tuberculosis, and brucellosis. We spent a lot of time discussing animal identification. Animal identification is one of the rules that is currently up for comment from the federal government, referred to as the NAIS program. The NAIS program has received a lot of reluctance from various groups. As a matter of fact, there are people that are proposing lawsuits against it. The new regulation that is currently up for comment will make NAIS mandatory. They have

always used the word voluntary before, but it will make it mandatory anytime there is a program disease aspect associated with a premise. Therefore, if a dairy in Churchill County had a suspicious “ring” test and the epidemiologist decided that you need to test your herd by an individual cow blood test, you would be required then to participate in NAIS. They even talk about a requirement to mandatorily put our RFID’s in your herd before you test. So these possibilities are things that personnel need to be well aware of if they decide to make comment to the federal government proposed regulations.

B. Virginia Range Estray Program

The Virginia Range Estray Program is one that is of high impact to not only the Division of Animal Industry, but to the Department of Agriculture. The amount of time that the Director and others have to spend on this program is immense.

There is a horse gentling program that is conducted from the Stewart Facility in Carson City approximately 3 to 4 times a year. Approximately 15 horses are gentled for 90 – 120 days by the inmates and then auctioned off as trained, gentled horses. Within that program, 11 of those horses are from BLM (Bureau of Land Management). Four have routinely come from the Virginia Range. The cost of that program has been free for the Department up until the budget crunch. We provided the horses to the gentling program and when they auctioned them off, it paid for their feed bills and their training. It was a wash; it didn’t cost us anything. BLM had to pay approximately 2.50 per day per horse and give them 850.00 dollars expense up front to train each horse. With the advent of the budget crunch to the Department of Corrections as well as us, they’re informing BLM, the price per horse is now 3.00 a day for food and 1,000.00 per horse to send through the program. They proposed to us that they would not be able to take any of our horses unless we paid 2.80 per day to feed. We are not in the business of feeding horses. We do not have the money for feeding horses.

The Hidden Valley Wildlife Protective Association, one of the advocacy groups, said they would pay for the feeding of the horses. We wrote a cooperative agreement with the help of our Deputy Attorney General to allow them to pay the expenses. That was just for this one instance. The Department is proud to say we are a participant in the training program. Unfortunately, we have no funds for paying for horse participation in that program. Just to let you know, if it shows up that someone else is paying for our horses, that is true. We’ll have to see if we will have to withdraw from the program or obtain additional funding.

Adoptions – the Director has mentioned they are non-existent. We’ve had a very few adoptions. Out of the approximate 1,600 horses on the Virginia Range, maybe 8 animals were adopted the last year. So that is a non-functional aspect and certainly doesn’t affect our ability to remove horses.

The Department sold a group of horses, approximately 30, that were in a birth control program at the Stewart facility. When we sold the horses, the person who

purchased them made arrangements with the State of Oregon to put them on sanctuary. At last note, the person that had them on sanctuary put in a tort claim against the State of Nevada for the horses for not being paid up there.

T. Fetus regulation update.

Enclosed in the packet is the new regulation that has been approved and has been filed. The new regulation changes trich testing requirements from 8 months to 12 months of age.

The Director set up a meeting with both Assembly and Senate Resource Committees. When we met with the Assembly and told them we were going to propose changes in confidentiality and that the Department was a little behind the scene in that it would be 2 years from now because of the BDR (bill draft request) methodology. But the Assembly said “not if we take it and push it through”. It has already gone through the Assembly committee, been approved, and gone to the printer. It’s gone to the full Assembly and they have already approved it and it’s now in the Senate Resource Committee. We anticipate approval on that.

That changes confidentiality which was previously just for diseases of regulatory importance or diseases with public health significance. At this time, the disease trichomonosis is something that we now can tell a veterinarian that herds they deal with are infected or clean associated with disease.

Veterinarian Shortage

Veterinarian shortages are critical in the sense that in the last years, there has been a demographic change. Dr. LaRussa said when he went through veterinary school, there were 35 students in our class of which 2 were female. Today, over 90% are females in all veterinary colleges. The demographic change has made a change to the number heading for large animal practice. Demographically more female veterinarians prefer small animal practice. There are several programs out there now that if a person is interested in a large animal practice, you can probably get your entire college paid for. They are trying to get a lot more veterinarians into large animal regulatory practice.

The Animal Liberation Front

They want to make people aware that they are extremely active and will continue to be active. There are a lot of people with agendas out there to make you aware that when the University of California at Davis constructed their laboratory for testing animal specimens, it was burned down and cost an extra 5 million dollars to rebuild. Right now we are building a laboratory in Sparks – one needs to be well aware of the Animal Liberation Front and other activities that do not have the same agenda as we do.

Update on the Animal Disease Laboratory

Full funding was received for West Nile Virus testing for the fiscal year 2009. As last year, the Department will receive approximately 80,000 dollars; forty-five percent of which is immediately available. In May, we can start our normal schedule of mosquito surveillance. The rest of the money is held back because of continuing resolution in Washington. We are expecting that to be available approximately in August which is usually when we get our second installment. We have a planning meeting in April to make sure everyone is on Board. We will be able to test all mosquito submissions from abatement districts and all bird submissions again this year for free.

10 Years of West Nile Virus in the United States

In February, Dr. Rink attended the 10th Anniversary of West Nile Virus meeting. Dr. Rink said West Nile has been in the United States since 1999. It was first detected in August, 1999 in New York and most likely was introduced through a mosquito that probably flew in on a plane. The isolate of West Nile Virus that was generated from that particular outbreak in New York was first identified in the Bronx Zoo where birds in the aviary started falling off their perches. It was first misdiagnosed as St. Louis Encephalitis virus because they are somewhat related to each other. But then it was found that it was actually a new introduction of a previously unknown virus in the Americas, which is the West Nile Virus and it is very closely related to an outbreak, or a virus isolate from an outbreak in Israel in 1998.

Over the last 10 years this has cost the taxpayer more than 188 million dollars. This money has been spent predominately on the detection and diagnosis of West Nile Virus. Abatement is not eligible for funding through the federal government. The 188 million represents research money, and surveillance money which is what we are receiving. Abatement is actually done through state and local taxes and that includes the State of Nevada.

Dr. Rink spoke of the block of states or regions that were affected since 1999. By 2004 all states had reported West Nile Virus activity. Oregon was the only state left in 2004 to report it. West Nile jumped into California across a couple of states in 2002 and that has been associated with unusual climatic conditions. Actually high altitude winds were supposed to have brought infected mosquitoes from the Midwest across the Rockies directly to California and skipping Arizona, Utah and Nevada in that year. The number of states and counties that were reporting West Nile Virus activity per year has been very steady since 2002. Thirty seven states and 2,800 counties report West Nile Virus activity every year.

The majority of mosquitoes in the United States are competent vectors for the virus. That probably wasn't so when it was first introduced, but we're talking about a different virus now. As of 2002, this virus has mutated and has adapted itself to some of the more abundant and more competent vectors in the United

States which is part of the problem. On average, we collect 26 or 27 different species every year and a majority was found positive at one point or another.

Department of Homeland Security Critical Infrastructure Assessment.

The Department of Homeland Security is conducting critical infrastructure assessments. This has been going on for a couple of years. When Operation Silver Shield was first put into place about three years ago in Nevada, a fusion center in Southern Nevada and fusion center in Northern Nevada was tasked with identifying critical infrastructure. The labs in the Department of Agriculture have been identified as being critical infrastructure.

There are different levels of Homeland Security: county, state and federal levels. Dr. Rink's said her frustration with that is that none of them seem to be talking to each other. They ask the same questions, we give them the same answers over and over. You start to wonder how functional this program actually is and how the data that you give is actually used to eventually protect you which is the whole purpose of this exercise. We've talked for more than a year to Washoe County Sheriff's Department which is the agency which implements Silver Shield and is the local State of Nevada version of critical infrastructure protection. The Federal program has been told that the labs in the Department of Agriculture are considered to be critical infrastructure and they then ask us to identify other critical infrastructure in the state.

We had a site visit on March 12th, a representative from the federal office in Las Vegas together with a local representative from the Washoe County Sheriff's Department and a local representative from the Weapons of Mass Destruction. A background research paper had been compiled for the Department of Homeland Security about the Animal Disease Lab. Dr. Rink said that was a little scary because it was really a little bit like an eighth grade paper and incredibly off base. And after she edited it, and took out anything that was nonsense and put in the correct information, even the officer from the Department of Homeland Security was a little bit shocked. This is all open source information that they had compiled, but they had it compiled by a person who really doesn't understand (a) what the Animal Disease Lab does and, (b) reviewing publicly available information.

Meeting was adjourned at 4:30 pm.