Name of Organization:	Nevada Board of Agriculture
Date and Time of Meeting:	March 2, 2010 @ 8:30 am March 3, 2010 @ 8:30 am
Place of Meeting:	Nevada Department of Agriculture 405 S. 21st Street Sparks, NV 89431 Phone: (775) 353-3601

Minutes

March 2, 2010

1. Call to order by Chairman Alan Perazzo

A. Pledge of Allegiance

B. Introduction of Board members and guests.

Board Members Present:

Paul Anderson
Dean Baker
Ramona Morrison
Paul Noe
Alan Perazzo
Martin Plaskett
Jim Snyder
Boyd Spratling
Dave Stix, Jr.
Hank Vogler

Board Members Absent:

Dave Barton (recently resigned)

Staff Members Present:

Tony Lesperance
Sandie Foley
Christine Munro
Phil LaRussa
Mark Jensen
JoAnn Mothershead
Blaine Northrop
Ed Foster
Steve Marty

Guests:

Meghan Brown, NCA
Peter Krueger, i3 Public Affairs
Nancy Lesperance, Paradise Valley
Marty Owens, USDA - NASS
Marlene Lockhart, NPMA
Susan Lynn, Great Basin Water
Ron Cerri, NCA
Seth Jacobsen, Afton Corporation
Doug Busselman, NV Farm Bureau

Peggy McKie
Dr. Shouhua Wang
Sharryn Cohen
Tina Mudd
Lee Lawrence
Ruth Tietjen
Chuck Moses
Scott Marsh
Scott Cichowlaz
Dawn Rafferty
Jay Steele

Eric Davis, Western Exterminators
Joe Dahl, Fallon
Don Alt, N. L. S. A.
Gerald Lent, Board of Wildlife

4. Plant Industry

A. Presentation by Dawn Rafferty, Administrator for Plant Industry Division. An informational presentation of the Division; its responsibilities and how they are accomplished.

Dawn Rafferty, Administrator of Plant Industry, said the Plant Industry Division was long overdue in meeting with the Board members and explaining to them what it is Plant Industry does. She asked all of her program managers to be here today to explain their programs.

Dawn and her staff presented a comprehensive power point presentation about Plant Industry.

Presenters included:

- Dawn Rafferty, Administrator
- Ed Foster, Regional Manager
- Steve Marty, Agriculturist IV
- Peggy McKie, Agriculturist IV
- Dr. Shouhua Wang, Plant Pathologist
- Sharryn Cohen, Chemist
- Ruth Tietjen, Fertilizer and Antifreeze Registration
- Lee Lawrence, Agriculturist IV
- Chuck Moses, Environmental Scientist IV
- Scott Marsh, Noxious Weed Program Coordinator
- Tina Mudd, Weed Free Forage, ARRA projects Coordinator
- Jeff Knight, State Entomologist

Dawn concluded the presentation by thanking the Board for their attention. She said every one of my people could talk to you for days because they are passionate about their jobs and love what they do. Most of them, as you've heard, have been here several years. I, as Administrator of this Division, am extremely fortunate in

having not one person who works with me that is not a dynamite employee. They know what they do, they are very ethical and professional and it has been a pleasure for me to be their administrator.

Chairman Perazzo thanked Dawn and said the Board appreciates her and her staff.

Board member Jim Snyder wanted to compliment the Division of Plant Industry for their work. He said in his operation, they relied on several of Plant Industry services and was always impressed with their professionalism and knowledge, efficiency, and helpfulness. He further stated he thought it was very disturbing that elimination of any of these functions would be seriously considered.

Board member Paul Noe said that as a representative of the nursery business, he also wanted to compliment the Plant Division for their work. I appreciate all that you do. I have been in the industry for 30 years in Nevada. You have brought it a long ways from what it was just 15 – 20 years ago. We were a dumping ground for many other states for disease and deficient plant materials, insects and a lot of other things. You really have done a great job.

D. Request the Nevada Board of Agriculture to reappoint Sharon Davidson to the Nevada Organic Advisory Council.

Steve Marty said the request is to reappoint Sharon Davidson to the Nevada Organic Advisory Council. Mrs. Davidson and her husband John own and operate Davidson Organic Teas; a large processor of organic tea. They source from all over the world, primarily India and have about 200 different organic teas they put out and is one of our largest handler type certified clients. They bring a wealth of knowledge from the handling and processing of organics. Sharon has held the handler's seat on that 6-person council for two terms. The council did approve her reappointment at their February 4, 2010 meeting.

Ramona Morrison made a motion to the reappointment of Sharon Davidson to the Organic Board. Jim Snyder seconded the motion. Motion passed.

B. EPA first quarter 2010 update.

Chuck Moses advised the Board members the EPA first quarter 2010 update was in their packet. The report reviews the activities that the Department does with the Environmental Compliance Section.

C. Request permission to go to workshop and hearing with proposed changes to NAC 555.

Chuck Moses said the proposed changes are basically housekeeping items; we trying to make things more precise in our recordkeeping. Lee Lawrence reviewed the changes with the Board.

Boyd Spratling made a motion to grant permission to allow for the workshop and review process. Paul Noe seconded the motion. Motion passed.

D. Walker River Freedom of Information Request

Ramona Morrison distributed a letter to the Board members that she received from the Director. The letter is from the Bureau of Reclamation with regards to the Walker River Acquisition Program. She said the letter basically says that their revised draft of the Environmental Impact Statement hasn't been finalized and it is going to be withdrawn. There will no Environmental Impact Statement submitted to the Federal Register because they deem there is no federal action that comes under National Environmental Policy Act (NEPA).

Ramona said the problem is they are also responsible for distributing funding from the Appropriations Bill to the University system and/or DRI, or the National Fish & Wildlife Foundation as a non-detrimental organization. There were questions that we discussed at the last Board meeting and made a motion on this issue with regard to the legality of some of these things going forward, and in essence sidestepping the NEPA process by transferring money to a non-detriment organization to handle this problem. We will be drafting some letters with regards to some of this. I just wanted to bring it to your attention.

They do say the purpose of the Acquisition Program is to support efforts to preserve Walker Lake while protecting agriculture. They go on to say that Reclamation's role under the public laws related to the Acquisition Program is to provide funding through Reclamation's Desert Terminal Lakes Program to the University of Nevada or to the National Fish and Wildlife Foundation. They are still connected, but they are claiming that NEPA doesn't apply to them.

The problem is that in Section 102 of NEPA, it says policies, regulations and public laws of the United States shall be interpreted and administered in accordance with the policies set forth in this Act and all agencies of the federal government shall …. and it goes on to list compliance with NEPA statute with regard to environmental impact statements, etc. So, they are required to participate.

I think we, as a state agency, have obvious standing to address these things. I think it's safe to say that the federal agencies don't always follow their own laws carefully. And I think it is fair to say that the State has the right to challenge. I think these are questions that can be asked in the form of a letter or otherwise of the Department of Interior of the United States.

Director Lesperance commented that he totally agreed with the suggestion that a letter should be forthcoming. This is not an action item. If the Board feels comfortable with me requesting this information, I can certainly go forward and request it or we can wait until the next Board meeting and have it as an action item.

But I think that it is prudent for this Board to make sure that however it is played out on the Walker River with the federal government, that it is played correct. This document suggests rather clearly to me that they are making some shortcuts and I certainly question whether it is a legal action or not. I think, even though, it is not an action item here, I would suggest that we take an informal poll.

Christine Munro advised that the Director can draft a letter and bring it to the Board at the next meeting as an action item.

Board member Jim Snyder said the Walker River Irrigation District has been concerned with this same issue. I think I would be in agreement with you and think it would be a good idea for you to speak to Ken Spooner about that and be on the same page.

E. Guzzler update

Ramona Morrison said the guzzler update is very brief. We are waiting for the Attorney General's office; it is in process.

F. Discussion and possible action regarding the recent Supreme Court decision and possible resulting BDR's that will have significant impact on not only the waters of eastern Nevada, potentially all of Nevada.

Board member Dean Baker said we are faced with a review of water laws by Allen Biaggi, the Chairman of the Natural Resources and Conservation, because of Great Basin Water Network and others of us. The Carter family from Lund and other cases; two cases, one in the Supreme Court and one on Cave Dry Lake in Delmar Valley. It has become an issue on what should be done. At the legislature this last week, the Governor finally agreed to put reviewing the Supreme Court (decision) onto the agenda. It was pushed very hard. Most of us there thought that there were at least 20 lobbyists from Southern Nevada Water and a variety of other people there pushing hard for the legislators to do it.

Allen Biaggi put forth the change in law. Southern Nevada Water and their lobbyists and lawyers, said very strongly that this ruling would affect over 14,000 applications made in the last years. That was not the Supreme Court's intent or ruling most thought. Their lawyers would say it, other lawyers would say it did not affect anyone, but until at least clearly a decision was made that would say it. But, Southern Nevada Water did not want it left so that they were exposed. So Allen Biaggi wrote legislation and the handout I gave you, if you look at the underlined parts of the legislation, you can see what it says and you can argue…...

There were huge lengths of arguments as to what it meant. But what it should have meant was if they were really worried about the 14,000, they should have said in legislation, 'unless the application was in court rulings'. But they would not put that in. They put these things in and most lawyers, the underlined parts were

opinionated that they would totally bypass Southern Nevada Water Authority in having to refile the things in 1989 or let the people.

The real reason for the Supreme Court ruling was that they made applications on October 17, 1989. At that time there was a great uproar. For instance, White Pine County asked to tax everybody in White Pine County to put money forth to fight this. Everybody all over the state like the Farm Bureau was upset and fighting. But the tax money was collected, but by early 1990's, Pat Mulroy and others, were saying this is not practical. She was quoted in the High County News as saying that pipeline was not practical or workable and it went quiet for at least 10 years. So the money set in White Pine County and that's been fortunate. We had some money, but it was minor and it had been used. What money you got in '89 or '90's is different than the money it takes today to hire a lawyer.

But anyway, there was reasonable reason. But when the hearing was held in Spring Valley, they would not. There were great discussions on who could speak at the protest or the hearing. And if you take 20 years, a lot of the protestors were dead. Two-thirds of the notices that the State Engineer sent out didn't get to the person in a lot of cases. And it was a limited time on when they would want to step forward on the protest. If you had bought property, you couldn't protest. If you were the son of the person who had protested and had the property, you couldn't protest. If you had other implications, you couldn't. The State Engineer pushed that and of course Southern Nevada fought that hard. So that was really the basic part of the ruling. The intent was to get it so future hearings on the other things within the past 20 years since the application, that the people would be able to protest who now owned the land or who were in involved.

Even in this one part, they limit it to; you had to be at the land, or be an heir to the land and so that restricted other people and had a negative effect on it also. Speaking with Allan Biaggi last Thursday in his office with others, he said we have to redo these two pages (handout) and it has to be written to cover these things. The page before that is what I went through and put down. But they're saying that they will hold – how quick I don't know, but at least they will study it and look at it and let others have opinions besides just Southern Nevada and their lawyers in a special session. We don't know if or when that will be held. Logically, it shouldn't be put forward until the next legislative session next year unless there really are the 14,000 people it hurt. That depends on the court ruling.

Dean said he thought that some of the things that he put forth there should be looked at. I don't know whether it's correct for the Board of Agriculture or the Department of Agriculture to take a strong position. But, he said, I think we should at least put forth that it should be studied carefully by whatever people….

You've got to remember that originally the water laws were almost entirely enacted for agricultural reasons. They weren't for inter-basin transfers or other things. Through the years, and I have heard the same thing said by State Engineer's office,

that legislation wasn't necessary because we had the tradition. And that was one of the arguments I was involved in. The original law says that the State Engineer's job was to protect existing water rights. Well, as time went forward, it became clear and I use Diamond Valley as the example, it created a valley of very productive agriculture. But it was drawing from the aquifer underneath.

The State Engineer readily admits today that they let too much water be put out in Diamond Valley. But it is above that aquifer. Las Vegas has had draw-down problems, but it built a city above that aquifer. And they will say there is a tradition of inter-basin transfers. They will say the first one was in Virginia City when it was a big city and they took water from the Truckee. But, most of the large movements of inter-basin transfers that they refer to of any size were above surface water. For instance, Wendover pumps out of the next valley west of it with one or two houses in it. They will use that example as saying, "now look, there is an underground transfer". But to say that the tradition says that inter-basin transfers of the total usable amount of water in a basin, in my opinion, is incorrect and should be redone.

Allen Biaggi has quoted me as saying that agriculture has dried up springs. Baker Ranch has dried up springs, and that is true – we have dried up springs right next to pivots or other things. But, antelope that used to drink in that spring there used to be a handful of them maybe, now there is 50 – 60 in the pivot next to it and I guarantee that the deer in pivots on the main ranch, that when we harvest the corn there, there will be a minimum of 50.

If they are going to rewrite that, the pressure is going to be on them very strongly to rewrite to get the inter-basin transfer and use of agriculture water sent to the cities rather than saving agriculture. I am of the opinion that agriculture is the only productive thing left in this state and maybe the State Engineer should have been put in Department of Agriculture. I think in the past, it was.

I believe that Allan Biaggi and some of the hierarchy believe that their job is to get every bit of water they can and get it sent to grow the cities. I know that's an economic future for the State of Nevada, but again if they put that pipeline in our area, I am absolutely convinced that in the end it will harm Las Vegas worse than it will our area in that they will have put billions of dollars into that pipeline. They have economic problems now, but if they put billions of dollars into that pipeline and are unable to keep it full, as science and more knowledge comes forward, then it hurts Las Vegas which hurts the whole State of Nevada.

In fighting this, I felt I was doing Las Vegas a favor as well as trying to protect agriculture and eastern Nevada under this situation. But as the Director has said, a great amount of the water in the whole of Nevada is subject to this same kind of thing.

He said that the Department should try to be involved in the rewriting of that section, (NRS 533.370) which they say they are going to do because it has been added to

through a lot of years, with different parts. When you read it, it gets confusing. So I would think many of us could be involved; the Department of Agriculture, the Board of Agriculture. Hopefully, Farm Bureau and others – Nevada Cattlemen's Association will also be involved. So if it is rewritten, we come out with something that protects agriculture and our existing water.

Dean Baker moved that the Board of Agriculture and the Department of Agriculture should push forward to be involved in the rewriting of the water laws.

Hank Vogler seconded the motion.

The Director made the comment that the motion needs to be clarified. He said he thought it should be the Board of Agriculture and so order the Department to assist in rewriting.

Dean Baker moved to accept the amendment. Hank Vogler second the motion as amended.

Dean Baker moved to include NRS 533.370 in the motion and amendment.

Hand Vogler seconded the second amendment.

Dave Stix, Jr. said his recollection of the Supreme Court decision had to deal with the issue of the one year deadline. Southern Nevada Water Authority was unsuccessful in changing that section of the law in this past special session. True?

Dean Baker said they made a mistake in the writing of it so that the Supreme Court ruled it was not applicable to this.

Dave Stix, Jr. said then their wishes are (if I am reading No. 4 correctly – handout) it says if this was the change in the law, it says within one year of the final date, the application remains active until acted upon by the State. Is that a change from the current?

Dean Baker: That was changed in 2002 and started out as municipals only, but was put on all applications as being able to be indefinitely held. Before that they could be held after the one year if the applicant worked with the State Engineer. If there weren't protests, and it could be extended if there were protests, and the protestors and applicant agreed to do it or if the State Engineer was asking for more information. None of those things were done with the October 17, 1989 application, because they made it and figured out that it wasn't going to work. That was impractical in my opinion and so it just drifted along. Probably there were others, how many they didn't know. But they could have said if they really wanted to protect the 14,000 others, they could have said, 'unless, it's in a court.' That's all they had to say. They wanted to get it by-passed.

Dave Stix, Jr.: My last comment is please before we vote on this; it seems to be a very important issue. And I do not wish to sound ignorant about this, but as of right now, it is very unclear exactly what the motion is going to…….what is the end goal at the end of the day that we are going to try to do with this motion? If someone can explain that to me, I think that will make me feel a lot better.

Dean Baker: It has been very clearly said in front of me by the head of Conservation and Natural Resources, Allan Biaggi and Jason King, that this was problematic to all of them; how to view it and do it and that the whole thing should be taken apart and put out to clearly say what it needed to say. And I think that this motion to express legislative intent and to be entered into the journal, and I am not knowledgeable about what that means. It is my understanding their agreement was, the legislators, when they finally did not pass this ruling or worked on it all night…..even from Baker, Nevada, there were a bunch of e-mails and things going back and forth Sunday night to well after midnight trying to get wording that would be acceptable. Our lawyer was there in Baker and we worked on it and tried to get wording that was acceptable and it was not done that night. Buckley said this is ridiculous for us to be trying to do this. So my understanding is what they agreed to do is put this up and if the Supreme Court ruling was such that it hurt a number of people, they would hold a special session and get it so it didn't. Allan Biaggi said we need to write this whole thing so that it is clear and isn't so debatable as it is, or that it could go through the Supreme Court or a court again on something that they didn't think should have been in there, but when they read it carefully, they could be interpreted that way.

Dean Baker said also, I believe, that when they do it, there ought to be consideration, at least in my opinion, on inter-basin transfers. But particularly in the rewriting of this, I think the Board of Agriculture should ask the Department of Agriculture to become involved in the rewriting of this to protect agriculture and agricultural use of water and the question about inter-basin transfers as its been created by tradition only, not by law. There is wording in there about inter-basin transfers, but it's a little confusing.

Dave Stix, Jr.: Do we want this law rewritten?

Dean Baker: Not necessarily. I don't have opinion; I'm not a lawyer.

Dave Stix, Jr.: I want us to be careful before we open a Pandora's Box. Do we really want to go that way, because we may get something we don't want. So that's the big question. Do we want to come out in opposition of changing this law and do we feel the court's decisions were right on the mark and we want to support it? But what you're saying, is that if they do open it up, because if Director (Biaggi) decides to go ahead and rewrite this, there's probably little chance we're going to have of stopping that. What you're saying is if they do rewrite it, we should have a say in other parts of this law.

Dean Baker: Or even for our knowledge, as Director, perhaps he could write his opinion of these subjects.

Dave Stix, Jr.: Okay, with that in mind, what would we be specifically asking to change in this setup (NRS), specifically, you brought up inter-basin transfers. What specifically would this Board be asking in the language; eliminate them all together, restrict them?

Dean Baker: I would say that if the applications are made and even the original laws of working them forward, maybe it should be 5 years if they haven't got it done or not at all. I don't even have strong opinions on that. Many of us have used the time going forward by working with the State Engineer. Say if you have a brush field and you get a water right, and you have to go out there and drill your well and build the field, a lot of times you can't get that done in the year. So that's not wrong that you need more time. I am not arguing with that, but on these inter-basin transfers, it should….I was in when the Spring Valley thing was done. A lot of the fight was who talked, what questions could be asked, and those sort of things.

Their lawyer Taggert and somebody would start to say something and they'd fight him on whether he had a reason to say, whether he had the chance to be there. If they are going to….a hearing should put forth knowledge and the State Engineer should have to hear it. For instance, it came up that the hydrologist for Southern Nevada talked. Taggert, their lawyer, was very careful in the questions he asked them. The lawyer that was there opposing had been sort of beaten down and he did not ask Ken Durbin the questions, their hydrologist, that in the end Ken Durbin wanted to be asked. One of them that was asked, not of Ken Durbin, others, "well, didn't you do a model of this?" and their answer was essentially "no".

So, an old retired USGS person who was speaking about the draw down, one of the hydrologists who used to be head of the State of Nevada, retired and has a history of knowledge, very highly respected, said, "in Durbin's model, when he was under him, in Durbin's model it said draw it down about 1,000 feet." Taggert and the lawyers started standing up, screaming, "you can't say that, you can't say that". They stopped it and that was against the law. They had lied about it. They finally closed that whole discussion down and he had made the model. Ken Durbin testified in the Cave Dry Lake / Delmar Valley. I have flown him twice over Spring and Snake Valley and talked with him about his experience. He left Southern Nevada Water the week after that because he was so furious of what he had been forced to do.

Boyd Spratling: The only new proposals that they put into this statute were the ones you have outlined? Those are the only new sections?

Dean Baker: Those are the ones that they fought over. But they worked for 12 hours with lawyers from different directions trying to come out with a compromise.

Boyd Spratling: But this was proposed by Mr. Biaggi?

Dean Baker: That was put forth by Allan Biaggi. They knew it was coming forth but, he didn't put it out until the last minute; the underlined part.

Director Lesperance said in his opinion Mr. Biaggi would like to rewrite this whole thing.

Dean Baker: Allan Biaggi said they intend to have it rewritten so that they will not have problems with it in the future.

Director Lesperance interjected comments; (1) some time ago, you asked me to work with Jim Young and with the Governor. Jim Young has put together a masterful rough copy of a document that reads beyond believe about water in Nevada. I have the only copy on my desk. I would hope that when it is final, it will throw a whole new light on some of these issues because there is so much misinterpretation throughout this area that it's almost beyond comprehension.

The only thing that I would call to everybody's attention is Mr. Biaggi and I had a confrontation over a comment he made based upon a comment made by Dean Baker. When Mr. Biaggi was in Dean Baker's presence in the area of Dean's ranch, Dean pointed out that his pumping had dried up certain springs. Mr. Biaggi has carried that on and published in several places, the statement that Nevada agriculture has dried up springs and streams throughout Nevada. So you all better be aware of what you're looking at and what you're working with, because I think that tells you exactly where Mr. Biaggi's coming from.

Board member Hank Vogler said Dean and I have made a motion. Right now what is proposed by Alan Biaggi is on hold. One of the insults that we all should be insulted about is there are separations of power in the State; Executive, Legislative and Judicial. The Judicial part made a ruling that sent it back to a district judge. That district judge has not reviewed this case. All those things can change. If I understand Mr. Baker's motion and my second, is that we would be vigilant and that we ask to be a part of this as it evolves. That might not be the exact wording that comes out in the end, but we want to be a part of that. Is that not where we need to be going Dean; because, none of this is law now?

Dean Baker: That is correct.

Hank Vogler: I think that is the motion we are making; to stay abreast and participate in all levels.

Dean Baker: And to protect agriculture.

Hank Vogler: Well, that is in our charter. We cannot separate the soil from the water even though Mr. Biaggi would love to.

Director: My opinion on this and I have expressed it many, many times and it has not changed; I think the biggest mistake anybody can make at this time is to suggest any change to the existing Nevada water law. Even if you have a problem with what's in there, if you suggest a change, you're probably going to come out with something that's worse than what you went in with. So I think our position would be absolutely no change. We've already lost 90% of the battle, but I would hate to be responsible for losing the last 10%.

If it appears that these changes are unavoidable, then I think that we need to be involved every way possible. I think our standard position, and I think that is expressed in the water and policy statement we put forth, we cannot mess with State water law anymore than we already have.

Question called.

Doug Busselman from the Nevada Farm Bureau said he sat through the special legislative session just for information purposes. The way the hearing was left off in the Assembly, there was bill draft that was proposed and would have taken things in a slightly different direction than the Senate. The Senate's action never was consummated in any kind of action either. In the Assembly, the discussion that took place and was left unresolved was the idea that there would be a possibility and probability the Legislative Commission would hold hearings on the various ideas on how the possible changes might be structured with the ability for citizens and others who are interested to participate in those hearings and to give input.

Part of the problem that was before the Legislature, other than that wasn't the reason they were in town, was the fact that there was no interchange with all of the interests in the issue to participate in the legislative process.

And so there would probably be a good reason to pay attention to the Legislative Commission should they decide to take some kind of action up. That would be where you would have the opportunity to participate to become active in the discussions, to see what actually was going to be proposed. I think you may want to in your motion deal with the entire section of law, not just a specific citation that we've given, because it is my understanding that in the conversation that took place in Assembly, there were several sections within that chapter that were up for consideration.

So advice from one lobbyist anyway, it would be worth paying attention to what happens before the Legislative Commission to identify opportunities there for participation and then to go forward in terms of attempting to bring about your objectives in that fashion.

Dean Baker moved to amend his motion as Doug Busselman said.

Director Lesperance said that what Mr. Busselman said is very correct. We'd better pay attention to whatever this Commission is doing; when and if it surfaces, assuming that it will surface. I would suggest that your motion, if anything were to come forward, and I wouldn't for a second on your behalf as Executive Secretary write anything to anybody without this Board's approval, but I would suggest that in the meantime, depending on how fast they act, certainly a letter to my good friend in the Senate and Barbara Buckley, indicating the desire that the copy of their present policy and the desire of any further deliberations on their part of either section, that we be involved with and be kept informed. That doesn't commit us to do anything other than putting them on notice that we wish to be involved. I would suggest that to go forward at this point in time.

Dave Stix, Jr.: Rather than really making this difficult as far as what we are voting on, it sounds like to me the one important thing we need to do whether it falls on deaf ears, is to tell these individuals that we don't want the Nevada water law changed; if we can all agree on that. But an actual motion to send this forward to be vigilant, I think that is the obvious here, that we have a role here to keep an eye on it. I think that is the obvious. I don't know if that requires a motion, but if we made it known that we don't want the law changed, if it looks like the law is going to go forward, because this needs to come back in specific form if it's going to be changed. Then what are we actually going to ask for or how are we going to be involved in it?

Dean Baker: What I really would like is that the Department supported by the Board watch this carefully when it goes forward and be ready with knowledge as to what is happening and sent to the Board. This is discussion, not a motion. We want to be knowledgeable and ready to deal with this, understanding that we may face it and that I think in all probability will be put forward. Whether it goes anyplace or not, but we need to protect agriculture water and rural areas of Nevada; whether its agriculture, wildlife or the economic development of rural Nevada, not dry it up creating the draw downs that will be created, in my opinion, without any questions.

Tony Lesperance: I'm wondering if you could withdraw your motion and come forth with a relatively simple motion directing the Director, and your Executive Secretary, to prepare a letter to Horsford and Buckley, carbon copy to Biaggi, on behalf of the Board indicating our desires to be involved in any and all further deliberations on this subject. You don't have to get anymore specific than that. Just put them on notice based upon our present water policy that it is our intention to be involved in this on behalf of Agriculture.

I can write that letter in the next week and e-mail it to all of you for your consideration. It is an action item. If you have major objections, it will just sit until the next Board meeting. If you have no major objections or minor modifications to what I have prepared, I can then send out a corrected draft to everybody and in very short order. If you approve it, we'll go forward with it.

Dean Baker: I move to withdraw my original motion.

Christine: The motions have died. If no action is taken on the motion, it is dead. So you want to restate, basically what he said as a motion, in motion form…

Boyd Spratling moved that we direct the Director to send a letter to leaders of the House, Assembly and the Senate, copy to Director Biaggi, that first of all we support current Nevada water law and that we want to be involved in any process that would involve change to that law.

Dave Stix, Jr.: Seconded the motion. Motion passed.

Boyd Spratling said if we are satisfied with the current water law, and you just voted and confirmed that, we are in a reactive position then.

Director Lesperance said I think what you have to do is, if we prepare such a letter and it goes forth, I think this stays on the agenda for the time being. I think you've got to react to whatever comes down the line. I think you have to have a fallback position. If we have an idea of what they are proposing, how do we react to it? How far can we go? I don't think any of us know what's coming down. I think we have just got to play it by ear.

3. Director's Report

A. Director's Report

The Director advised the Board that part of the Director's report is in the Board packet, but a lot has happened since he wrote the Director's report. He said he would briefly bring them up to date on the events of this weekend to the best of his knowledge and some of the events that occurred prior to that weekend.

The Director said we submitted a budget that Margi Scheid will go over with you tomorrow on the 10% reduction that we submitted as requested. We did this with the input from each and every division. We did it as carefully as we could and that 10% reduction did not hurt any position. In my mind and with discussions with Andrew Clinger and Lynn Hettrick, I felt that the 10% reduction was insufficient. We did as requested. We submitted a 6, 8, and 10%. Simple math of what I was looking at, based upon everything that I had at my disposal, suggested that probably the cut would be closer to 15%, one way or the other. I submitted, in my request, four options to be used if in fact the cut exceeded 10%. Actually, there were five options. I didn't know what was going to happen and I didn't know how we were going to handle it. We could live with the 10%, but anything above 10% would result in positions disappearing. I did not go to staff at that point in time. I just listed these options because I felt this was the best way to go.

I was wrong on the 15%. The final cut we are being faced with at this point is 18.3% of our general fund. I'm not going to go into the ramifications of that. Some of the results of this which are less than desirable will be discussed by other individuals later in this meeting. All I can tell you is that this has been a difficult period of time.

There are some consolations. I was the only Director that argued against 4 x 10's. The reason I argued against it and I argued as hard as I could was because we do business with the working public. There is never a Friday that this door is not opened by 4 or 5 businesses, for information, testing, and whatever. In Las Vegas, there is probably 20 businesses go through that front door every Friday. So to close a state office on Friday to me is inexcusable. We serve the public, we don't serve ourselves. I lost that argument.

I raised the question on how do you handle furloughs if you go to 4 x 10's. It seemed to me that right now our furlough situation is to take 12 furlough days a year which is 96 hours in an 8 hour day. So, I suggested we use ten furlough days at 10 hours a day which is 100 hours which means that each person would be contributing an additional 4 hours. I was overruled on that one. The 8 hours will stay in effect on the 4 x 10'S. The really amazing thing that came out of this, and I think it summarizes the intelligence and the philosophy of the Governor, and the Legislature at this point in time; when we switch to a 4 x 10's on July 1 and you take your 8 hour furlough day, you will be require to work 2 hours in the office before your furlough day goes into effect. And I'll tell you what, how you can come up with a more stupid ruling, it is beyond my comprehension. I lost on each and every account.

I thought I could stay ahead of the curve and I don't know what the other departments have come up with. I know I had a very unique position; I was the only one of 17 people that argued that the cuts weren't significant enough. They would be far greater. And I'm sure what happened, I knew in my heart what was going to happen, the Governor came out with a percentage in regards to education. I knew he was not going to get that. He did compromise at the last minute which left the Governor's budget many millions of dollars short. And they reached in and grabbed it and we lost an additional 275,000 dollars just like that. I guarantee you I cannot, under any circumstances, balance the budget at this point in time without losing positions; a total impossibility.

I've done a lot of soul searching. I don't get enthused about grants, never have been enthused about grants, because you're dealing with the government. And anytime you deal with the government on a grant, there are always strings attached to it. You've heard lots of people talk about grants today and all the good things that come from them. But, there are strings attached to every one of those grants I can guarantee you. They can come back to harm and hurt some of the philosophy that you people would be expressing. But, I do not know how else to keep the front door open except to put more effort into grants. Tina Mudd is an exceptional grant writer. We have exceptional laboratories in this building. I think there are probably lots of

things we can do. I will give you my assurances that the grants that I will be involved with, we will try to minimize government strings the best we can.

Senator Raggio has indicated that he expects the general fund to be cut another 50% at the upcoming legislative session. If we do not get outside support by the time that legislative session rolls around which is less than one year away, and Senator Raggio was right, basically I don't know how you keep the front doors open. That's where we're at. It is an extremely difficult situation and I don't have any ideas. I don't have any suggestions. We just do the best we can do. But you are going to hear some sad stories before the end of tomorrow.

Dave Stix, Jr. asked the Director to help him figure out how a 10% cut turned into an 18.

Director said he indicated to the Governor's staff that 10% wasn't enough.

Dave Stix, Jr. asked to take care of the overall budget issue?

Director said yes. It was impossible. All you had to do was read the newspapers to see the figures. And they were wrong. They were trying to minimize the impact and trying to force the school district to give up more than I knew the school district would give up. The school district has a strong enough lobby, you know how far they are going. And to say, that we could get by on 10% was completely wrong. It wasn't going to happen.

Dave Stix, Jr, said going into this special session, the 10% across the board, then they knew they were still half way?

Director said yes, but they didn't want to admit it. They were only half way home. So that is how 10 went to 18.3.

Dave Stix, Jr.and then some of the Departments got away with going to 6.9%?

Director said there are inequities in this system. I can tell you that in fiscal and in two or three other divisions, they have yet to have a single budgetary cut from day one. The brunt of this has been borne by departments such as the Department of Agriculture.

Dave Stix, Jr. asked if it was safe to say that if you stand on the holy pulpit and scream fee based departments, that can be dangerous too in this climate because they want a piece of it?

Director Lesperance said they took over 50% of our reserves whether it was fee based or general fund. I raised the question that if you take general funds out of Weights and Measures, you're taking money that the people have paid into this general fund; that is their money. And the comment was made to me point blank by

the top fiscal officer of the state of Nevada, you don't know what you're talking about. That is now state money.

Hank Vogler asked if one of the people who so far hasn't been scathed by any of the cutting, is that the Department of Wildlife?

Director Lesperance said they hardly have any state funds to begin with. Only 3% of their budget comes from general fund.

Hank Vogler asked aren't their officers general fund?

Director Lesperance said no. They are all paid for by user fees. Only 3% of their budget comes from general funds and I think it's even less than 3% now. We are not far behind. Our total budget amazingly enough, if you look at the money we had to work with when I walked in the front doors in February, 2008, our budget today is almost the same. But, we no longer have general fund. General fund is what has been used to support your infrastructure. As you've heard from the Plant Industry people today, the people who are paid by general fund are the people that make it work. And that is the way it is across the board; Plant Industry, Administration, and ADL. Weights and Measures, Petroleum, and Brands are based 100% on user fees. But any money you have set aside in any of those became state money; and was swept, which means they took it.

You can see from this morning's presentation how complex this Department is; the massive amount of regulatory activity. It's mind boggling. I am trying to get a handle on how many invoices this Department writes in a year's time. It's literally hundreds of thousands. Every one of these brings back a check. I understand what it takes to make all of this work. When I walked in the front door, our accounting department had 7 people. It now has 3. We're bringing in more money than ever. It becomes a total fiscal nightmare to be able to balance the books and meet the requirements of the audit. We are being audited at this point in time. I've already told the auditors, I can't possible meet your requirements. It can't be done. There attitude is "we understand".

Director Lesperance said he wanted to read the Director's report (in the packet) into the record.

When I became Director of the Department of Agriculture, Governor Gibbons asked that I accomplish 3 basic things; (1) bring the Department into full compliance with the audit of 2008, (2) make appropriate administrative changes so that the problems of the past would not occur again, and (3) help the Governor find and appoint a truly outstanding Board.
I feel reasonably confident that I have accomplished these three tasks. Certainly, we have responded to all the shortcomings pointed out in the 2008 audit. We have made significant administrative changes that problems of the past are nothing but

a distant memory at most. And finally, I firmly believe that we have obtained a truly outstanding Board. My hope was that the new Board would be diverse, not only because of the many diverse aspects it represents, but also diverse from a philosophical standpoint. Listening to the dialogue from recent meetings, I feel very comfortable that the present Board clearly fills the bill.

The Department, or the Board for that matter, has never developed a handbook for new Board members that would clearly cover how you as a new Board member would, or should, react to the rest of Board, and or the Department. Although there's probably a need for such a document, my thinking has been that the vast majority of new Board members are already pretty familiar with the Board and its relationship to the Department.

Certain events of the last few months have made me somewhat rethink this process, but I am not starting to put together a book yet. However, there are some guidelines that I feel pretty strongly about that the Board should operate under, and one of those is to avoid the micromanagement of the day-to-day problems that the Director and the Department face. The Board only meets four times a year and the management decisions that must be made at the Department level occur day to day.

There are two livestock auction yards in Nevada, both in Fallon. One yard has been in operation for some time, the second yard started business a relatively short time ago. It has been the custom of the Department to offer one full free day of service to auction yards to accomplish the necessary inspections. We do not charge time and mileage for the actual inspectors for the weekly sales. This waived fee can be rather significant, depending on the size of the sale, but that has been the policy, and was certainly in effect when I arrived. All special sales, conducted by either yard, or any livestock associated group in Nevada, once properly licensed are expected to pay for the inspector's time and mileage for inspection related activities.

The newest sales yard complied with these rules and regulations for some time, until a review of the associated NAC's suggested to them that they did not have to pay the corresponding time and mileage charges necessary for the Department to conduct the required inspections; certainly at least for special sales. Sometime after not receiving the appropriate remittance for our services, Mr. Collis brought the matter to my attention. My instructions were clear, the proprietor of the yard would pay for services in a timely manner or we would not provide the necessary inspection services, which in effect would close down the operation.

Within the month, Mr. Collis informed me that the proprietor of the lot in question was soliciting support from individual Board members, apparently with some success. I questioned several Board members, and quite frankly was amazed that there was support for the position as presented by the proprietor of the yard in question, or that certainly this matter should be considered by the Board. At this point in time, several thousands of dollars were owed the Brands Division for the necessary inspection services that had been provided for special sales. The more I

investigated the situation, the more I became frustrated by the actions of individual Board members. Enough of a ground swell had been generated by the proprietor of the yard in question with sufficient Board members so that any decision I or Mr. Collis might make would become basically unenforceable.

Consequently, the decision was made to present the situation concerning non-payment to the entire Board at their December, 2009 meeting. After a lengthy presentation by Mr.Collis, rebuttal by the proprietor of the yard in question, the Board has three possible avenues, support Mr. Collis and the Brands Division by enforcing collection, agreeing with the proprietor that repayment was not necessary, or table the matter. In my opinion, the Board took the worst possible action, and tabled the matter.

What were the ramifications of that decision? I had two resignations on my desk by Thursday of that week from the top two employees of the Division. I have been able to convince one to reconsider his decision and withdraw his resignation, the other individual stands firm on his decision. I have attached his letter of resignation for your review. Further, the fact that an individual who felt he did not have to pay for services provided by the Department was basically able to at least temporarily accomplish his mission by going directly to members of the Board has not gone unnoticed in the Fallon area, or much of western Nevada for that matter. To put it bluntly, the authority of the Department has been seriously compromised.

The position of the Board has done nothing but empower the position of the ownership of the Fallon yard in question. This has involved a response from a reasonable well-known lawyer with roots in Nevada. It has been made sufficiently clear to me that forcing the closure of the yard for non-payment will now result in legal action against the Department, and likely myself. Legal action against me will require me to obtain my own personal lawyer. Therefore, after lengthy discussions with the Attorney General's office, I made the decision to turn the entire matter over to them for clarification and hopefully a decision that we can all live with. Unfortunately, their best estimate is that this process may take up to four months. The letter to the Attorney General is attached.

This series of events has certainly not helped the position of the Brands Division. In my mind, Mr. Collis has been one of the most loyal and dedicated employees this Department has ever had. Under the best of circumstances, it would be most difficult to replace Mr. Collis, simply based on the fact that I am not aware of anyone in the State of Nevada that would remotely have his knowledge of the many problems faced by Brands on a day to day basis. Under the present circumstances, I fear it will be impossible to replace him at all. The budget restrictions being proposed make this process seem very unlikely.

Please understand, in the final analysis, I must totally hold myself responsible for these less than desirable events. Everything within the Department must stop at the Director's desk without exception. Nevertheless, this perhaps is best construed as a

learning experience for all of us. It is very easy for a controversial item that should originally be taken care of at the Director's level, to gradually become unmanageable if the Board membership allows it to happen. You only meet four times a year, every three months. In this case, another 3 months of non-payment at a Fallon sales yard for special sales will amount to quite a few thousand dollars. By that time the individual in question will owe the Department between $15,000 and $20,000.

In order to correct the deficiencies of the NAC's in regards to the Brand Division, I have asked a committee of industry representatives to work with me. This committee consists of Joe Dahl, Mike Stremmler, J. J. Goicoechea, Ron Cerri and Doug Busselman. The committee elected Doug as chairman. They have met three times and have accomplished considerable, especially in the area of the NAC. Mr. Busselman will be making a presentation later today for your review.

The resignation of Mr. Collis comes at a time which precludes consideration of replacement due to the uncertainty of the budget. I have worked cloosely with Chris to come up with some acceptable alternatives that we both feel will work. At this time, I have created a co-administrative situation with JoAnn Mothershead assuming the position of Deputy Chief-Administrator, and Blaine Northrop assuming the position of Deputy Chief-Operations.

One of the great costly problems that the Brands Division has had for many years is travel. It makes sense to create three regions; Northern, Southern, and Western. In order to do this, I will have to work with the Department of Personnel and they have agreed to work with me, because I'll have to create positions in the books that currently don't exist. We currently have one employee qualified to become a regional supervisor and that is Sterling Wines. Temporarily, Blaine Northrop would have to become acting Northern Regional Supervisor. We have no qualified candidates for the Western Regional Supervisor position which would include a tight rein of the sales yards. Our searching has led us to several very acceptable out of state candidates, however, with the financial situation it will be sometime before we are able to accomplish the necessary changes to accomplish these goals for the division. The proposed restructure is long overdue, unfortunately now is a difficult time to accomplish these tasks. The bright spot is that this proposed restructure would save the division upwards of $75,000 over current costs. These proposals have received strong support from the industry. We are proceeding along the lines of making these necessary changes, but at best it will be painfully slow.

The Director said he hoped everyone listened to his report carefully. I guess my comment is that if the Board wants to micromanage, I don't think the Board needs me as your Executive Secretary, much less as Director. If you want to do what I think the Board should be doing, then I think you want a director that can handle the day to day business. And I consider this a day to day thing.

In the last few days, right prior to the meeting of the legislature, we had another …..

Chairman Perazzo interrupted the Director and made the comment that Board members get phone calls from people or get questions about what the feelings of the Board are. It is our responsibility to make note of that to bring that forth to the Board so that we can discuss it. I kind of sense that as Tony read that we've had individuals making statements on behalf of the Board where we don't really have the right to do that as Board members. We need to call Tony and put it on the agenda and discuss it, talk about it. We are a Board of 11 here.

Hank Vogler said he would like to comment along those lines. And I'm not making excuses for anybody on the Board. During the course of this process, I got to where when I saw his (sales yard operator) number, I think I have his number memorized, and I got to where I didn't even pick the phone up. It just got ridiculous. But it's sort of like my sister. She can call me up and tell me all this family stuff and then never, you don't ever have to say a word, she just tells you all this stuff and then just hangs up. And then you field a call from one of your other sisters who says, '"your sister Janet said that you said". And all you can do say to that is, I listened to the entire conversation and didn't get one word in edgewise, so how in the world could I have stated any opinion. And that I think that is one of the biggest things that went on in this process. Just by picking up the phone, it was – you're agreeing. When you picked up the phone, you were agreeing with a position. And having served on several boards and having to deal with open meeting laws and other things, I feel that I was extremely careful and I hope the rest of everybody else was, was to listen and say "we will discuss that" or "I will call the Director" and see where he's on board on that. But that's what I feel…..or "I'll bring it up at the next meeting". These are the things you need to bring to the Board. You need to put your talking points down. You need to do this, but my merely fielding the calls, I got the feeling that he felt we were all in compliance with his point of view. And I think that is where it all fell down. Because I guarantee you, I stay at 1,000% neutral, because that is not my job to take sides. My job is what is presented before this Board.

Chairman Perazzo said I feel that we as a Board, by tabling that, didn't realize it was the worst possible thing we could do, but by tabling that at the last meeting you were just gathering more information so we could make a good decision on it. So as far as that goes, I hope we are all on the same page. I hope that if you have questions or get comments from the industry, which I hope that we are because if we're not that means that we are out of touch with the industry. We hope that they're calling us so that we can do a better job and make things happen. Whether its water or cattle, hogs, and even dairy.

Ramona Morrison said she completely seconds what Hank said on the whole situation. The other thing that happened in this situation is he mixed two issues, which was the collection of fees and the revision to the code. And as far as I was personally concerned, I felt that is was important to clear up the code so that these things couldn't come up again. And somebody couldn't get squishy with the language.

I also got a call from his attorney and I thought that was a fascinating conversation, but he was quorum shopping if anybody ever was. And so I feel disappointed with the outcome, particularly with respect to Chris. But I would say as the Board goes, sometimes things are going to crop up and to the best of our ability, we want stay out of daily management of the Department, but it doesn't mean that a controversy won't come to us. Just because a controversy comes to the Board doesn't necessarily mean the lack of support for the Department or employees. I never felt in anyway, shape, or form in this situation that it should have been interrupted as a lack of support. But I can see from Chris's point of view, how it could have been. It's a very unfortunate set of circumstances.

Chairman Perazzo said I have never had trouble contacting Tony him to call him and discuss (issues). I guarantee you will be enlightened on the matter just because we do only meet 4 times a year.

Jim Snyder commented that he feels similarly. He said he had several conversations with that person and I think I was very careful not to side with him. If somebody is hearing something different, I would like to know what was going on. As far as tabling the motion, maybe that was the wrong thing. I felt I needed more information.

Director Lesperance said his only comment on tabling it, the bill goes on. You all know the financial difficulty we're in and I suspect we will never collect that money; it is cloose to $25,000. I do not know that the Department will survive that. And the sweep that occurred this weekend, half of our reserves were taken away. It puts us into a further difficult financial situation. You know, it's kind of like a business. If somebody took $25,000 out your income, would you be happy about it?

Jim Snyder answered no, certainly not. And if that is what happens, you know I failed to understand how that happened. It was a lack of understanding on my part.

Director Lesperance said its water under the bridge. He said he didn't think another word needs to be said about it. I'm going to make one statement again. If this Board wants to micromanage the Department, have at it. You sure don't need me. And I mean that with every ounce of energy I have.

Chairman Perazzo told Tony that he apologizes for the Board, because I don't feel like we were meaning to do that.

Director Lesperance said the individual is very capable, I would have hoped that you could have recognized it, how capable that individual is of massaging things around. I talked with him once and realized exactly the problem I had and I was hopeful that most of you would see it as well. It's water under the bridge, it's a done deal. The Attorney General is going to give me an opinion I believe.

Hank Vogler said we never did exonerate him from any obligation of those fees. He's still owes those fees. That is a given, if we can collect them. But he has to pay those fees. It was just a matter of "in the future" is what my understanding of what we tabled.

Director Lesperance said the debt continues to grow. So I guess maybe I'll use your strong muscle when we go collect the money.

Director said he wanted to continue on. I got it off my chest, that's that. An amazing thing happened last Thursday night. I didn't receive this e-mail from Lynn Hettrick until Friday morning. I guess it was two Fridays ago.

The Director read the e-mail to the Board members. Legislators proposed today to shut down Plant Industry. They included rodent control and the Director said he presumed they meant pest control. I am pretty sure they didn't know what they were talking about, because as you recall pest control is within Plant Industry.

This was an e-mail I received on Friday morning, February 11th. I read this and picked up the phone and called Mr. Hettrick and learned that Senator Horsford had indeed come forward with this on behalf of the Democratic Senate Coalition out of Las Vegas. The comment was made that Plant Industry does little more than kill gophers. And we do not need to spend $760,000 of general fund on them. I listened in amazement to this and realized that this came at a most inopportune time because Lynn felt that he had to have a full rebuttal on this by the following Monday morning.

At that point in time, Dawn Rafferty was in the hospital and undergoing surgery as I read this. So I couldn't pick up phone and ask for her help. Ed Foster was on furlough that day and so the next person I found was Tina Mudd. I told Tina I think I have a little problem here and I need a lot of things put together real fast. I went to see Margi Scheid and got help from her. We had to have this to Lynn on Monday and Monday was a holiday; it was President's Day. A group of dedicated people and me worked through the weekend including Monday. We got a full report which I will pass out to you and verifies everything that Plant Industry does. That report was given to the Democratic Senate Coalition.

Shortly thereafter, a rumor surfaced that the reason Plant Industry was being picked out was based upon a report that I had prepared and sent to the legislature. A couple of Board members heard this and brought it to my attention. Probably 100 other people brought it to my attention that this was my doing. For your information, I will give you a copy of that document in just a few minutes. There is a series of e-mails in here and if you take the time to read through it, you will find some amazing information in here. I think the first 8 – 10 pages are a series of e-mails which clearly document the rural legislator that made the point that this was my doing. It is a rural legislator that we thought was a friend and it is beyond my comprehension. I have not approached this individual at this point and I probably won't for awhile,

because I'm to the point that I don't think he and I could have a rational conversation. But the documentation is in here.

The rest of the report is what I prepared for Lynn Hettrick with budgetary information that supports all the things that were said today by Plant Industry. I also asked each member of Plant Industry Division to prepare a short page on what they do. This all came about long after I had prepared my report (in the packet), but I think that goes to show you the kind of things that the Department and the Director have to face on a day to day basis. This came in on Friday and we had to respond no later than Monday noon and Monday was a holiday. Thanks to Tina Mudd and whole lot of dedicated people, I think we put out a pretty good report.

The amount of industry support that came forward because of this on behalf of Plant Industry was overwhelming. We probably had close to 50 businesses, immediately respond to this and e-mails to Senator Horsford. There were 3 or 4 industry leaders that asked the Senator to come and tour this building and the staff with them so they could show what Plant Industry is doing. The organic people got into the act and sent about 500 – 700 e-mails out. I got a copy of every e-mail and Senator Horsford got a copy of every e-mail. I imagine the Senator was a little disturbed by the time this was over. I think that it goes to show what industry support can do and certainly in this case, at least with Plant Industry, it was overwhelming and almost beyond belief. I don't think Senator Horsford is going to bring up the subject of closing Plant Industry down again.

There is tremendous support for this Department and Plant Industry. I wish Ron (Cerri) could generate the same kind of support in the livestock business, but I understand the problems having been there and understand. It is a tough road. That is something we've got to work on, especially prior to this next legislative session, because things are going to come up. It's unavoidable. We have ways to get support other than general funds.

One of the greatest problems I have is in the area of Animal Disease. I have 4 veterinarians that are all on general funds and some of you may remember in the last legislative session, that Assemblywoman McClain from Las Vegas told me in front of the whole legislature, and many of you people were there, that she would teach me how to live with 3 veterinarians. It's pretty tough when you deal with these kinds of things coming from the legislature. We have only 2 or 3 real legislators left and will have less than that when there is reapportionment. We've got to learn to deal with these Las Vegas legislators. We have no choice. They run the legislature and it's going to get worse before it gets better. Again, I call your attention to the fact that Senator Raggio was very confident that this next legislative session will be worse than anything we've seen thus far.

If his projections are right, I frankly don't see how we can keep the front door open. It's a tough deal. I wished I had better news. It's been an interesting couple of weeks.

Director Lesperance said we had a dedication of this building awhile back to John and Willie Marvel as you are well aware of. I gave a presentation about the Marvel family and John in particular. And several people asked if I would put that (presentation) in writing. I went back and did that. The Marvel family has it and I put it in the Board packet under 3D.

Under 3E, the Nevada Small Farm Conference is coming up here next week. I was asked to be the keynote speaker and I am kind of enthused about this. I guess it's never too late to change. I was raised thinking big is better. There was nothing I loved more in my youth than sitting on a horse and riding over hundreds and thousands of acres chasing cows or whatever. That is the way I was raised, the way I worked at the University for years; and the way I worked my business for many years, managing some of the biggest ranches in the State. But I have come to the conclusion, it has a lot to do with small farms and I have changed pretty significantly in my thinking. And I think there is a lot to that. The fastest growing area we now have is small farms and organic farming. If you go back and look at the statistics, irrigated agriculture in the last 5 years has doubled in the money it produces.

One other thing I want to leave you with and I think it is the most frustrating thing of all. When you add up the money produced by agriculture in the last year, from Ag statistics, and this doesn't include greenhouse industry, agriculture produced about $750 million of income to the state of Nevada last year. Generally speaking most of that money gets recycled right back to the state of Nevada and all the economists I've ever worked with give it a full 1 to 1 ratio on indirect costs. I think it's safe to say, that agriculture directly and indirectly produced about $1.5 billion in Nevada's economy this last year.

When you have to deal with people like Senator Horsford and some of the other folks and try to get this point across and they tell you there are only two industries in the state and that's terrorism and mining. You've got to remind them every once in awhile, that there is a third, agriculture. We need to make that point and we need to make it loud and clear, because I don't know what else is going to save us other than the fact that agriculture is totally a renewable industry as long as we can keep our water. And if we can produce $1.5 billion in the State's economy, sooner or later somebody has got to listen to us. Especially in times like this.

F. Brand Inspection Report – Brand Committee Report

Request permission to go to workshop and hearing with proposed changes to NAC 565. Action item.

Director said he asked 5 people to participate in that. I think 3 are here today; Joe Dahl, Ron Cerri and Doug Busselman, J. J. Goichoechea and Mike Stremmler. They have met three times already, in Reno, Winnemucca and Fallon and spent 3 hours working in each meeting in getting this NAC rewritten.

I want to thank Doug, who took this job; it was not an easy job. He got kind of railroaded into this position and I don't know how many hours you've spent on this outside committee meetings Doug, but I am sure it's a great deal. Thank you.

Doug Busselman began with a handout that was the report that was developed after the committee's last meeting in Fallon on February 19th. He said the material in front of you was put forth before we had that last meeting. We also have a plan for another meeting to take place at the end of March and we will continue with the work we have been assigned.

Doug thanked the committee members who have participated in these discussions as well the members of the industry who attended the meetings and who have helped in discussions as the committee tried to go through and come up with what we are proposing. We've done this on a "going forward" basis. We are not engaged in the rehash or any of the other details of the current situation. Our assignment is to look into the future and try to deal with the situation there.

What I have attempted to do is to highlight the proposed areas of change. The areas highlighted in yellow are the committee's almost unanimous agreement as to where we are currently. That is what we are putting forward for your information and possible future action.

In the section dealing with definitions, we've added 3 new definitions. Actually, the definition for 'inventory inspection' is verbiage that we moved from one section of the regulation into the section of definitions so that it would be consistent throughout.

One of the things we found as we went through the NAC is that not always has a regulation theme been followed through consistently. So what we've attempted to do is to present some form of consistency of thought.

Go back about 4 pages to get the actual definitions that are proposed for insertion. The inventory inspection, as I said, was taken from a later section of the NAC and moved up. But the other two definitions that are being proposed are those that we offer as our proposal.

One of the things that we have attempted to do in terms of trying to bring things up to speed was getting into defining livestock and bring about some consistency on how those terms were used throughout the entire section of the NAC.

Probably the biggest area that we are currently offering for consideration is in the section dealing with different types of permits. It is proposed that what has been an extraordinary permit, commonly referred to or known as a pasture-to-pasture permit, is proposed to be deleted. We would have, basically, a process whereby any inspection that would take place of animals moving out of the state would require the normal brand inspection that is called for in the rest of the proposal. That is probably

the major, and probably the most controversial area, that we may hear about as we move forward in our conversations.

On the next page, where we are talking about livestock movement permits, we have attempted to clear up some of the nuances of the language there by deleting some items and adding some new items. The green (highlighted) is identified as being new and the red is the deletion. What we have tried to do in that section of regulation, is bring about a concurrence of the regulation with the intentions that we felt were in place and how the operations were supposed to take place.

We ask in the new section, that we would give to the Board of Agriculture a directive that the Board of Agriculture shall establish reasonable fees for the various permits and the rates for those permits should be published on the Department's website for public information.

With the controversy that is going on relative to regular sales and special sales, we as a committee did identify what our proposal is. This will be further worked on at our next meeting as well. We are basically identifying a regular sale to be a sale that is conducted in concurrence with the dates that are listed on the auction market license. So, anything that isn't on that license as a regular sale, would then under our definition, be proposed as a special sale.

That is what we have been working on in our discussions.

Chairman Perazzo asked Doug what would prevent the sale yards from saying that I want my regular sale Monday, Tuesday, Wednesday, Thursday, or Friday depending on which one is best for my consignors? I would just like to go ahead and put down all 5 days just in case,

Doug Busselman responded what would keep that from being the practice would be you as a Board of Agriculture. It is our understanding that the auction markets basically bring an application to the Board of Agriculture for determination of the setting their licenses; if they wanted to present that proposal to you and if you as a Board of Agriculture wanted to approve that license on that basis, then that would be their regular sale day. Again, it is our interpretation that it is your responsibility to approve or not approve licenses for auction markets. So, if someone presents an application to you, it is up to you to consider what you do with it.

Hank Vogler said I think it says in the statutes, when you issue a license to an auction yard, there is a day that they take as their regular scheduled auction? Isn't that correct?

Christine Munro said she thought that was correct.

Hank Vogler said it is already on there. Isn't it?

Doug Busselman said that he didn't believe in the committee's research and our discussions that was necessarily the understanding that we had as a committee.

Ron Cerri said that they did find that was one of the problems the sale yards questioned. They get their license, but there isn't a day on it.

Hank Vogler said that there should be a day; he is supposed to pick a date. I have one more question for Mr. Busselman. We have much to my chagrin come into a modern era. The livestock transportation permits within the state and across district lines are basically the honor system and you don't call the brand inspector. You send one (copy) to the state, send one (copy) with the livestock and keep one (copy). That's 3 copies. Would it be, with the modern things, that we have; e-mails, 800 numbers and the fact that sometimes trucks don't show up when they are supposed to, would it be terribly awful to say, "this Hank Vogler, it is March 2nd, 2010, I'm having Lou Wilfong pick up 45 cattle that will be branded with HV Bar on the left rib, they have the right ear cropped, they are all pairs, the calves are not branded, they will be hauled to Boyd Spratling in Wells, Nevada. They will be on his permit in such and such an area." Just to be expedient. Because I would send that to an 800 number and I don't know what the logistics are of sending that to Elko, but you could do it on an instant basis or an e-mail. It is a record and you would have the license number of the truck and the name of the truck driver.

Doug Busselman responded that the idea of there being a phone number to call has been discussed by the committee. This particular committee is either my 4th or 5th brands committee that I have served on under 4 different directors of Ag. I was one of the members of the committee that proposed a movement permit process in the original conversations we had in that committee. The idea was proposed at the time that would include a toll-free number and a call in type of process. It hasn't ever materialized. We've never had a system in place that would allow anyone on the other end of the phone to answer the phone calls coming in and have a meaningful record of the movement of livestock that the industry felt was necessary. That is why even though we talked about the idea, what we are proposing is because of the fact that there need to be records that are identified in the regulations.

Jim Snyder asked for an explanation of the pasture-to-pasture permit.

Doug Busselman explained that to get an extraordinary permit, you need to apply to the Director to receive the permit and then if you are granted the permit, you are required to notify the brand inspector 24 hours in advance and then you pay for the transportation costs. Transportation costs begin from where the brand inspector is, to your site for inspection, and you pay an hourly fee plus you pay the fees that are associated as outlined in the regulation that we are proposing. Some of those rates are less than what a traditional inspector would normally charge, however, in a normal inspection you aren't required, if you follow the correct procedures, to pay the mileage and the hourly costs. Most of what we are looking at, first we wanted to make sure there was an inspection taking place, and that it would be at the flat rate

without all the extra charges that are associated with the program as it currently operates.

The other discussions that we had and it wasn't identified in writing anywhere, but was a kind of informal rule of thumb, there was a 50 mile limit that it would be granted on the basis of a pasture-to-pasture permit. And we felt that if you were going to have it, then you ought to be able to follow the same rule no matter where you were coming from. Whether you were in Austin and you were pasturing in California, or you were in Gardnerville and you were pasturing in California, a pasture-to-pasture should be the same. Well, when it was all said and done, and the conversations were finalized, we came up with a consistency that we wanted to apply and that consistency was that everybody pays a normal brand fee.

Doug Bussleman said anytime you leave the state of Nevada, you are required to have a brand inspection at the time of sale, or the transfer of ownership. There is also a requirement for an inspection at the time of slaughter. Then we have the ability to move into the other special permits, like the movement permits and even in special movement permits, if you do not have branded livestock that are identified in the regulation, you are still required to get a brand inspection to move an unbranded animal across the district lines.

Boyd Spratling asked Doug in your deliberations did you address free inspections? You know where a rancher has an inspection at the ranch and then goes to a sale yard. I think that's something you really need to clarify one way or another.

Doug responded said it is currently in our discussions. It's what we are talking about right now. The whole concept of what is a free inspection? In the context of the conversations that we've been having, we would like to see more and more livestock producers who are eligible to do so, use the livestock movement permit process. Not all livestock producers are eligible to use that particular process, but for those that are able to, we encourage very strongly that they do so. Because it is and always has been one of the most cost efficient ways for the Department to have animals brought in to be inspected as opposed to the inspectors going to the animal.

Boyd Spratling asked what type of operation wouldn't be eligible for that?

Doug Busselman said a private land operation that doesn't have any livestock on public land is not required to have a brand. And so consequently, if you don't have a brand, you don't have the ability to use a movement permit. A movement permit is only to be used for the movement of branded livestock.

Boyd Spratling said that he thinks that is management decision – not to brand the cattle. I don't think there should be a free inspection. The brand inspector has to look at cattle and writes a certificate. There should be a charge.

Doug Busselman said we don't understand the idea of where this "free"…… If the inspection takes place at your ranch and you pay for the inspector to come there or if you go to an auction and move within the state and have the inspection take place at the auction, both ways you had an inspection that you paid for. So, there isn't really a free inspection anyway. There are no free inspections that take place under the guidelines of what's required for inspection situations.

Boyd Spratling asked if someone chooses not to use the movement permit and has an inspection at the ranch and are papers filled out for that movement. Did he go to the sale yard? There are then, because of ownership, another set of papers issued. In my mind, if you don't use a permit system, it's a management decision to do that. For one reason or another, when you want to send unbranded calves or cows at the ranch or whatever, those are management decisions and for the luxury of having that management decision latitude, you should pay for the double inspections. I pay for that double inspection when I go to Idaho with my cattle on both ends. So, I don't see where….we are really taxing the Division at that point. There is extreme taxation on the resources of the Division by sending someone out to the ranch and then having someone at the sale also filling out paperwork.

Doug Busselman said to Boyd if you can show where there is a free inspection anywhere under the guidelines and regulations, I would be very interested in taking that and going to the committee. There aren't any.

Boyd Spratling said that's my point. There's no provision for it.

Doug Busselman said we are not asking for a free inspection.

The Director said there are several other items in here that are still confusing I think. Are we really ready to go to workshop? I would think not.

Doug Busselman said there are unresolved issues and matters to be further discussed.

Director said he suggested that Item 3F would remain on the agenda for a period of time.

Christine Munro said starting July 1st there will be a blackout period where the LCB will not take any new regulations. So we have to get them in the pipeline before July 1st.

No action taken.

Director Lesperance extended his sincere thanks to the people who worked on the committee. He said this has really worked well. They have done a magnificent job and I appreciate the efforts; a lot of time and a lot of mileage and a lot of money out of their pocket. They never hesitated a second. A whole lot of things came to light

that I sure didn't understand. I think we've made a great deal of progress. I want to compliment this committee for hanging tough.

5. Animal Industry

A. Animal Health Update

Dr. LaRussa started with a quick explanation of the verbiage he heard when Doug Busselman talked about pasture-to-pasture movements. Those are pasture-to-pastures under the brand law. There is also federal regulation on pasture-to-pastures for interstate movement and please don't confuse the two. The brands aspect of what is required for pasture-to-pastures and the permitting in which the Animal Health Branch and other states, both federal and state personnel, authorize you to move interstate for pasture- to-pasture.

He said he wanted to congratulate Plant Industry. I thought they did a great job. There were a couple of take-home messages I guess. One is that they have a large grant and fee based budget. The other take-home message is we have three over here and myself; four of us. And if all four gave a presentation, there wouldn't be quite as many people as the Plant Division had.

The lab is something we are extremely proud of. It's on the side of the building and certainly the production from the Animal Disease Laboratory is something everybody in the State…….. As we look at the laboratory, the laboratory system entails two physical structures; (1) Elko and (2) Sparks. There is one individual in Elko and there are five laboratory personnel in Sparks; technicians and administrators and a diagnostician. And with that, small as we are in the Division, we perform the laboratory functions inside of those two locations.

There are several diseases, however, that we work with outside of the laboratory.

- rabies, that is within the laboratory
- other diseases are ones that are around, and we're currently dealing with everyday in the field; not laboratory functions per se.

Dr. LaRussa continued his power point presentation talking about tuberculosis and states' status. He also talked about contagious equine diseases. He talked about brucellosis and trichomoniasis. He said trichomoniasis is incredible as far as the amount of epidemiologic work that the lab has to do, the testing, etc.

I really want thank you all for the support the Board's given us. It's been an enjoyable run. Certainly as we look at it, Tony has mentioned that right now, this is my last Board meeting; that I am the reduction along with Holly. So 50% of the Animal Health Branch in this room has departed. It's been a good run. We've really appreciate it. Sorry it had to end this way. There's a lot of work to do out in the field, but you should still have your laboratory. Thank you very much.

B. USAHA / AAVLD Update

As promised, when I talked to you briefly in December about all the diseases that I was going to report to you about then, they are still here and I am going to show you that the diseases are not going to go away. We actually have just exciting news because there are just more out there. There are more exciting things to look forward to this season.

Rabies: The first one I like to talk to you about is rabies. We had a total of 430 submissions last year. We had 11 positives – all of the positives are still bats. That means you don't have any terrestrial rabies in the state yet. The distribution was 42% dogs – the majority coming from Clark County. Thirty-five percent were cats. Just for your information, the amount of cat rabies in the United States is 300 times the amount of dog rabies; mostly because dog owners are much more diligent about vaccinating their dogs. We haven't had cat or dog or any other domestic animal rabies in the state for more than a decade or domestic animal rabies for more than 30 years. We have had wildlife involvement in the last 15 years.

Other livestock that were tested make up about only 1% of the overall amount of samples tested; wildlife amounts to only 9%. And the majority of those 9%, the majority are skunks and raccoons.

The one thing Dr. Rink said she wanted to bring everyone's attention to 'golf course rabies' in Arizona. That is something that has a lot of people very concerned. Arizona had more than 291 total confirmed positive rabies incidents last year.

The United States Animal Health Association (USAHA) meeting is held once a year in October. There are resolutions that Dr. Rink said she wanted to bring to the Board's attention. The first resolution is about rabies because this has become a very significant issue in terms of public health threat. Dr. Rink talked about the resolution and explained its contents to the Board. The perception is that bat rabies is a reemerging disease and that we need to try and get a handle on it.

The other resolution that Dr. Rink brought to the Board's attention is the resolution that came out of the Committee on Wildlife Diseases and the Committee on Sheep and Goats. Before they actually came to this resolution, there was a very disappointing thing that happened at those committee meetings. I reported to you in the past that there was group that was basically tasked to advise USAHA how to come up with best management practices for domestic sheep on public land in the United States. There were equal numbers of members from the livestock industry and from wildlife agencies on the committee. It took us almost a year and a half to compile a document that was basically a list of best management practices that both sides could agree on. There has been a lot of heartburn during the time this was under development. I have regularly run that by the sheep industry in the state, both by Board member Vogler and by Pete Paris, who is President of the Woolgrowers. I

heard that they could live with that. So when it actually came to a vote at USAHA, the wildlife committee voted to put it forward to the central committee and basically have it endorsed by USAHA so that it could go forward to federal agencies and be a reference document.

Then it fell all apart in the sheep and goat committee because ASI, for whatever reason, felt that they were not behind that. I have to say that of all the mistakes that I have observed that have been made, that is probably the one that will cause most teeth gnashing in the woolgrower community over the next several years. I am trying to point out here, particularly, in the last part of my presentation on emerging infectious diseases, that it is not realistic to assume that if we can catch a disease from any warm blooded creature, that is evolutionarily significantly removed from us, to pretend that there couldn't possibly be disease transmission between two animals of the same genus. In terms of genetic relationships, these species are right next to each other and quite frankly, it is ludicrous to assume that disease transmission is impossible.

A quality document was actually drawn up in the committee and was proposed to become a national document. For the first time, the wildlife community actually admitted that you can manage to prevent disease transmission in the field. That is the document that members of the industry were supposed to take to the Forest Service or the BLM next time their allotments were going to be renegotiated. It was clear that the wildlife community understands that yes, sheep producers have a right to be out there and they can do a lot to keep the Bighorn Sheep and domestic sheep apart. I'm not too sad about the fact that we spent a lot of time trying to hammer this out, because I think the document can be used down the road. But, politically and from a management standpoint, for this document not to have gone forward was a bad decision.

One of the other livestock diseases that has basically gotten a lot of attention recently is 'Trich' and 'Trich testing'; the harmonization of both the regulatory aspect of trichomonosis and the testing aspect of trichomonosis. There are multiple different tests around; they vary widely; used in sensitivity and specificity and they also vary widely in costs. One of the requests from the USAHA meeting in 2008 was basically to have a subcommittee of the parasitology committee look at 'Trich' testing requirements. So there was a working group made out of 14 different people. One of the issues has been "pooling" of tests. Montana and Colorado are very much behind the pooled test where you can throw together 5 samples and then run a test and basically cut down the test per bull to $5.00 versus a real time PCR test which we are currently offering a similar one at $22.50 per animal. So the idea was since everybody is keen on saving money on this, why don't the other states offer this test?

The reason for that is if you start pooling, particularly the test used in Colorado right now, you are losing between 40 & 60% of the positives. There is no point in saving $5.00 per bull if you are losing 30% of your calf crop down the road. Seven states in

the west and Nevada is one of them, do not allow bulls to come in on this pooled test. The other states say whatever the State Veterinarian in Colorado and Montana deem okay, we will accept that. So at this upcoming Western States meeting, that is in 10 days, this is going to be a major part of the discussion there. And it's not that we want to make a lot of money off the industry. If there is a way to pool samples, we obviously will look at the pooling the samples. But, it has to be a test that is properly elevated and we have a good handle on what that test can actually develop.

Dr. Rink went back to the USAHA Resolutions. She discussed the Rift Valley Fever Virus. This is basically considered a high risk for the United States. It is expected that this would be introduced within the next 5 – 10 years. The Rift Valley Fever is a problem because it will become endemic. What might happen, which we demonstrated a couple of years ago, when this disease left its endemic area and was introduced into an area where everybody was immunologically naïve. Several years ago, there was a lot of wind during a monsoon season that actually went in the opposite direction of your typical monsoon in Africa and these winds carried a large number of infected mosquitoes onto the Arabian Peninsula and caused a very significant outbreak of RFV. Both the human and the domestic livestock population was completely susceptible, which led to 70 – 100% mortality of newborn animals whether they were goats, sheep or cattle. Essentially, when this first hits these populations, it can easily destroy an entire year's work of lamb or kid crop. As far as the human population was concerned, the number of hospitalized human cases is usually less than 1%, but in the Saudia Arabia epidemic, 13.9% were severely affected by this and about 10% of those that were hospitalized actually had a complete loss of vision afterwards.

The expectation is that this could come to the United States before 2020. One of the major issues of a mosquito borne disease like that is, it's obviously not going to affect livestock only. It is going to affect humans and probably wildlife populations in the United States. Plus in a vector zone disease situation, you always have a reservoir host situation that you have to be concerned with. Then once the disease is here, there are going to b a certain number of cases every year after the disease has become endemic.

We don't have any idea right now to predict what wildlife populations in the Untied States would be fully susceptible, partially susceptible, and which ones of those would actually lend themselves to be carrier animals. So one of these resolutions obviously was; that there is a very urgent need to establish that data and that would happen on Plum Island.

Emerging Infectious Diseases – Dr. Rink said the reason why actually this is the most voluminous is because most of the meetings right now, both in human and animal diseases associated meetings are actually on emerging infectious diseases. It is because it's a real issue. And it is basically the biggest concern that we have right now in terms of not only public health, but also food security.

Director Lesperance read a portion of a letter from Thomas Vilsack, Secretary of USDA which recited that Churchill, Douglas, Lyon and Mineral and Pershing counties and the independent city of Carson City, Nevada is a primary national disaster area due to the loss caused by drought that occurred January 1 through the December 31, 2009. According to Section 321a of the Consolidated Farm Rural Development Act, Esmeralda, Humboldt, Lander, Nye, Storey and Washoe County, Nevada are named as contiguous disaster counties. So I guess that is good news, except for you folks in Elko and White Pine County. I've been told that you weren't even close to qualifying; you've had so much water out there.

6. Division of Administration

A. Fiscal Update

Margi Scheid, Acting Administrative Services Officer, gave each Board member a handout showing what the Department is committed to and what the Department has to give up in the budget this year Fiscal Year '10. She said the Governor came back in January and asked us how we could cut budget and cost savings to give back from those budgets that we have general fund appropriations from. This was our scenario that we gave to them and indicates that through Plant Industry, Veterinary Medicine, and Agriculture Administration, we were going to give up almost $89,000, most of which is in operating and the Virginia Range Estray Program.

If we've already spent it this year, we probably don't have it left to spend for the rest of the year because we were going on the premise that we may or may not have that. Obviously, we were operating as usual and when session ended Sunday night, of course, they approved this 10% cut. So now we have 4 months to make that happen and to make sure that we adhere to those limitations.

Also, in the first part of February, the Governor came back and said that on top of the 10%, we would like to also take all your in-state travel and out-of-state travel budget and any training that you might have.

There are limitations on how much we are reducing that travel and there is consideration by the Governor's office that we can continue to do some travel if it's pertinent to our core mission; doing the job we are here to do.

Our hands are tied, but I think we have some ways around that. I feel pretty confident that we are going to get through fiscal year okay. The next fiscal year we have the same problem which starts in July. The 10% that we were requested to give up, we ended up going through and looking at what positions were vacant and because they were vacant, there were dollar savings. We didn't fill those positions and we are turning that dollar amount back to the general fund; and that will compromise our savings there.

That included:

- Plant Industry - Agriculturist in Winnemucca office
- Veterinary Medical Section – administrative assistant
- Administrative Division – an IT position
  Administrative Division – ASO position

Those will be our cost savings related to salaries.

At this point, the Virginia Range Program basically is going to disappear. That doesn't mean that the program disappears, because we know it's going to continue probably. The funding from general fund will be going away and we will have to absorb those costs someplace else throughout the Division.

In the second year, we are giving up $255,000, plus the extra $20,000 in travel. I keep thinking we are all asked to do the impossible, with less money, less resources, furloughs, with less time. But, I feel really good in some ways, I think that the Department and my section in particular have really dedicated, knowledgeable employees who work really hard. We are accomplishing the impossible. Hopefully, we can keep moving forward.

The final thing that session did to us was they came through and decided that any money including fees that come into the state become state money. And we have several budgets within the Department of Agriculture that are fee based funds. Budget office called me one day and asked "how much money do you have, not in reserves, but just how much money do you have today in each of these budgets that you can give up?" On your 2nd page (the handout), there is the amount of money that those budgets are giving up to the general fund to help support this large deficient.

Margi said we are giving up $1,200,000:

- Gas Pollution Standards 250,000
- Agricultural Registrations & Enforcement 500,000
- Weights & Measures 450,000

Director Lesperance said on your first page, you make reference to that is what was submitted originally, the 10%. In fact, the governor added another $240,000 to that including the positions which were discussed. So, the reductions you see are basically half of what the final line is.

Margi said with the positions we are losing, it comes to 18% of our general funded appropriations.

Director said including the $1.2 of the reserves.

Boyd asked the Director wouldn't this be a very legitimate time to go to Legislature at the next session and ask to get out of the Estray Program; the Virginia Range Program, period?

Director said that even though the money is all gone, we still have obligations.

Boyd said that is what I'm saying, the estray obligation. Wouldn't it be the ideal time to have that repealed and get out of the feral horse business?

Director responded said it would be a great relief if it were. I have one person who devotes half his time and he is paid out of Brands. He is a Brand Inspector. We are robbing Brands to haul dead animals out of the road. We're selling horses, we are having to move horses all the time. I got blamed yesterday for dropping 20 something horses on the Virginia Range. We traced it down. We don't know exactly who it was, but there were 2 pick ups pulling fifth wheel trailers that dropped about 24 horses out in the area of the springs, up Highway 50. It was well documented. We have no idea who it is; we are trying to find out. The problem just goes on and on.

Boyd said that's my point. If they (State of Nevada) can't fund it, then this Department shouldn't be expected to use resources to accomplish a program and not be paid for it. It would be an ideal time to get out of it.

Director said it would be and he would have no objection to a whole bunch of you guys marching in there and tell them the story.

Margi said she would like to make a comment regarding that. This is a budget year. We are beginning to build a budget for 2 years out; fiscal years 2012 – 2013. Obviously, we are going to use this year as a base budget. They have cut this year as a base budget, it's not going to be what we spend; obviously we cannot spend money we don't have. But, if that is where we start, those two years out, we are starting with a very limited base to have money. Then we have to convince the legislators that we need enhancements; that we need to add more money into it and we need to have these programs. This is also a time when we present any bills, where we want to go in and change statute. I would agree with your comment that is the time to look at things that we need to change for the Department.

Jim Snyder asked if there were any legal challenges to these sweeps? Are any challenges contemplated by this Department or any other?

Deputy Attorney General Christine Munro said she didn't know that there was any talk of challenges. I suppose anyone could, but at this point they are just emptying out piggy banks.

Ramona Morrison asked if they are sweeping fees, why aren't they sweeping from NDOW?

Christine Munro said she had no idea.

Director Lesperance said he doesn't think anyone realized the trauma that we have had to go through on this. I can't begin to tell you how many hours I've been on the phone, or the Internet, trying to get answers. When they removed in-state travel, it was across the board without exception originally. So I just came back and said okay, we'll put an umbrella out here in front the building, so when people need to have their cows inspected, just drive by and we'll inspect them.

There was no knowledge, absolutely no knowledge in the hierarchy in the state of Nevada, that we have to go places to inspect cattle by statute. Absolutely zero knowledge. What do you mean you have to go inspect cattle? So we argued that point, and we finally got the word "core mission" in place. Core mission means if your regulatory activity is totally dependent upon you having to travel someplace in your own vehicle and/or a state vehicle, then we can pay in-state travel.

Unfortunately, the Board of Agriculture doesn't qualify for core mission anymore than the Director of this Department qualifies for core mission. So I use my own pickup at my own expense to travel to Las Vegas, or whatever. It's a tough period. The money is totally gone for in-state travel, other than core mission.

The meeting was adjourned until tomorrow morning at 8:30 am.

11. Department employee comments and suggestions to the Board of Agriculture.

12. Public Comments

13. Date of next meeting

14. Adjournment