

Name of Organization: Nevada Board of Agriculture
Date and Time of Meeting: March 30, 2010 @ 10.00 AM
Place of Meeting: Nevada Department of Agriculture
405 S. 21st Street
Sparks, NV 89431
Phone: (775) 353-3601

Minutes

March 30, 2010

1. Call to order by Chairman Alan Perazzo

A. Pledge of Allegiance

B. Introduction of Board members, attendees 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:

None

Staff Members Present:

Tony Lesperance
Sandie Foley
Christine Munro
JoAnn Mothershead
Blaine Northrop
Mark Jensen
Dawn Rafferty
Ed Foster
Katie Jameson

Guests:

Dan Gralian
John Carpenter, Assemblyman
Jim Johnson
Jack Armstrong
Ron Cerri, N. C. A.
Doug Busselman, Farm Bureau
Jim Schaffer, Washoe Co. Health
Don Alt, N. L. S. A.
Meghan Brown, N. C. A.

Margi Scheid
Holly Pecetti
Keith Forbes
Lon Beal
Dan Crowell
Phil LaRussa
Kim Priest
Mark Smith

J. J. Goicoechea, N. C. A.

Chairman Perazzo said he was at a meeting in Kansas City about a week ago with a bunch of dairymen who are going through some hard times right now. The theme of the meeting was, 'Focused on today and committed to tomorrow'. After that meeting when I heard that theme, I thought that applies to agriculture in our state as well. I hope that as we are going to focus on some pretty important things today, I hope we realize that our commitment is not just now, but it's for tomorrow as well.

2. Board Business

A. Overall discussion of Department finances.

Director Lesperance said he received this [summons] yesterday and signed it this morning. It says, 'I, Tony Lesperance, Director of the Nevada State Department of Agriculture, on behalf of the State of Nevada Board of Agriculture, do hereby accept and acknowledge service of a copy of the Complaint and copy of the Summons on the above-entitled action on behalf of the said defendant.'

It goes on..... 'The State of Nevada sends greetings to the above-named defendant (which is me): Notice! You have been sued. The court may decide against you without your being heard unless you respond within 20 days.'

They are suing on behalf of the 38th parallel. I think we all knew this was coming. So we get to go back and redo the 38th parallel again one more time probably for the 17th time in the last 18 years.

Director Lesperance said he wanted to go over the budget prior to the Special Session. Our budget, at that point in time, was approximately 12.5 million dollars of which about 2.5 million dollars comes from the general fund or 20%. This has been greatly reduced over the last two years. Two years ago they presented a budget that was general funds of almost 30%. It has come down significantly and obviously will continue to come down.

Director Lesperance told the Board that he wanted to go through the different Departments; Plant Industry, when you add in all their various components represents about 5.8 million; Veterinary Medical is about 1.1 million; Livestock Identification and Brands is about 1.6 million or 1.5 million; Weights and Measures is about 1.2 million; Predator Animal Control is a little less than 1.0 million; Gas Pollution is about 600,000

dollars; Administration is 1.3; and Jr. Livestock adds up to 25; all that adds up to 4.5 million. The cuts that occurred in the general fund in the special session, I think you are all familiar with those. We discussed this numerous times before the session occurred. I think I've gone over this with last two Board meetings and went over it pretty well in detail at the last Board meeting. The cuts are what they are. The state of Nevada is in a very difficult financial situation. I get weekly printouts as to where we're at and where we're going and we are still going downhill.

The sales tax, basically, is still declining. The gaming revenue continues to decline, housing sales have picked up in certain areas, but overall they've held steady or have actually declined. Unemployment continues downward. I think we have reached some all time highs in certain areas. So, the picture is not real good.

There was a cabinet meeting immediately following the special session the following Tuesday. I listened to a number of projections that were used in making the final budget balance and those projections were based upon income from various areas that create income that comes back to the state. In every one of those projections, it was raised above the Department Chairman's recommendations. We went through all that in the budget meeting. I kind of kept a running tab of it and I offered at the end of the Cabinet meeting, according to the calculations I made, the state of Nevada was between 80 and 100 million dollars in the hole as of that Tuesday morning; one day after the close of the special session.

The projections to balance the budget were high, artificially high, in certain instances. If you used the figures that the various individuals involved with those things, it made a difference of between 80 – 100 million dollars. Senator Raggio talked with me personally on this and he has told me point blank that I'd better anticipate the general fund being cut in half at the next legislative session, which isn't all that far away.

Our general fund appropriation at this point in time is slightly over 2 million dollars. I guess we will lose another million. I have advised all of the division heads that use general funds in their department, especially for salaries, that you had better find someplace, somehow, a way to put your employees on something other than general funds in the next few months or you will probably lose at least half of your employees at this point in time. That would be a devastating blow to this Department if that occurs, because for example, in Plant Industry, our cuts have been so severe, that they have only the program officer in any one area. They don't have any backup left.

So, if I eliminate a program officers in Plant Industry, it means that we would be in violation of NRS because we would no longer be able to do the regulations we do because we wouldn't have anybody there at that point in time. Once that happens to us, if for example, we were to lose two areas in Plant Industry at this point in time and it involves regulations and fees, this Department would lose almost 2.5 – 5.0 million dollars of additional income. So, this thing just starts cascading downward at that point in time.

The Department of Agriculture needs to find alternative sources of funding for employees that are currently covered by general funds. That's the bottom line. If we don't do that, we are going to be in very serious trouble.

We have Tina Mudd in Plant Industry who I have volunteered to help anybody write grants in any area. She has been very successful at this. I think that is our only salvation at this point in time is to go out and find other sources of money, because it is not going to come from the general fund. I think this Board needs to come to grips with that, totally understand, that money is not going to be there. If we do not find alternative sources, then some more, very difficult and very hard decisions are going to have to be made. Plain and simple. Whether I make it or somebody else makes it, it's going to have to happen. That to me is the bottom line.

Chairman Perazzo said when they swept money, they didn't just sweep general funds, they swept

Director Lesperance said we had a heated discussion over that. I felt it would be totally illegal to take reserves out of fee funded projects. I was told point blank, in the presence of the Governor, that the state had made the decision once fee funds go into reserves, they are state money.

Hank Vogler asked Director Lesperance if Rangeland Resources Commission did not have any funds taken nor did Woolgrowers. Could you explain what the difference is there; is there some way where here to fore we can put our reserves in some other system to where it wouldn't get swept?

Director Lesperance responded and said, 'if I were you I would be extremely quiet about what you just said, because you guys got under the radar and they just didn't realize things like Rangeland Resources Commission or Woolgrowers were out there. They looked strictly at the Departments. I would advise you to not bring the subject up too readily, because if they were aware of the fact that you have reserves, they definitely would take them.

Hank Vogler said we don't have reserves, we just have the money that has been paid in that year. Does that make it reserves?

Director Lesperance said no and said that money should be protected. But, I would make sure that you don't leave any spare change lying around on the table.

Dave Stix, Jr., asked the Director to be clear on the reserves; the money that statutorily has to be kept in reserves, is that money safe?

Director Lesperance said no.

Dave Stix, Jr. said so the requirement to have how many months of operating?

Director Lesperance said 6, I believe.

Dave Stix, Jr. said that's out the window?

Director Lesperance said apparently so. We no longer have 6 months in several areas. And we are in extreme trouble in one area where we will have to take some money out of reserves probably to meet our budgetary requirement for salaries, depending on how fees come in. It would be very marginal and in that particular area, we may well run into insufficient money that is left, but at this point in time our reserves will cover that. A lot of these things are cycled. So you keep money in the bank so to speak to cover the short period of time. It's just good business, because fees are not constant at this time of year. And in one particular area, I haven't told the administrator of that area who is sitting behind me, so I won't mention his name, but we will have a problem in that particular area of great concern. And it'll probably come at a time before he has to go in front IFC or anything else to get it resolved; it's going to happen in about 4 – 6 months. I don't have an answer for that at this point in time.

Dave Stix, Jr. asked is that Weights and Measures?

Director Lesperance said it might be.

The Director said we're going to survive. I am committed to one thing and I want everybody in this room to understand my commitment, not only to the Board but to the people of the state of Nevada, it is my commitment is to keep these front doors open. Whatever it takes. I had to make some very tough decisions which will be discussed today, I'm sure in detail. I am prepared to continue to make those kinds of decisions. Do I enjoy it? Quite frankly, no. All the years that I've managed ranches and owned ranches, wherever, I have never really fired anybody in my life till I got this job. I tell you what, when you have to tell a person that you have to let them go in this day in age, it's a pretty sad story because the chances of that person getting reemployed when they walk out the front door of this building are slim to none. I do not enjoy that.

Paul Anderson said I just want to make sure that what I am hearing you say is that one of the accounts that was swept, now we're going to actually fall short of what we are required to have?

Director Lesperance said we are actually short of what we are required to have in several areas at this point in time are we not? (Question directed to Margi Scheid).

Margi Scheid responded yes.

Alan Perazzo reiterated the question that Hank Vogler asked; from now forward what are we doing to protect those reserves?

Director Lesperance said I don't know if we can do much to protect them. I don't even know whether we're legal to take the money out of those reserves at this point in time. Maybe, Ms. Scheid can answer that question better than me.

Margi Scheid said she agrees with Director Lesperance. She said her feeling is that we try to justify the best we can when we have to borrow Peter to pay Paul, basically is what we are doing and take the money from wherever it comes. Obviously, the legislature really they changed statute so they legally could take those reserves from us. And then it is my understanding that for that period of time when they took the money, now the statute is back where it belongs and we have to have reserves. It is agreed and I think pretty well set in stone that we're going to run short of money. Like I said, we are going to do everything we can to keep the doors open and keep people employed and keep providing the services we need to provide, but it all costs money. In my realm in the finance area, I am going to try to justify as best I can when I have to borrow money from one section to cover someone else's section. I am not going to go in and just willy-nilly grab money. There will be some justification. Sadly, I don't have a crystal ball neither does anybody else, but I think we are all well aware that it's going to be really tight if we in fact make it. I can't guarantee we will.

Chairman Perazzo said we can't take money out of reserves, but we have to keep putting money in?

Margi said how you create reserves through the years normally is you have your revenue coming, expenses going out, and any extra goes into reserves. Reserves are carried forward each year into a new fiscal year. At that time, we have the ability should we run short in building our budgets, that we can go into our reserves much like a savings account and bring that money up to be used throughout the year. And we do that so that we have proper authority and proper cash in certain areas where we run short.

Director Lesperance said the only solution we have to meet these shortfalls at this point in time would be short-termed furloughs for employees at the end of the year, perhaps for one or two or three months, as the case may be and I think there are probably two if not three areas that this may well occur initially. If it doesn't occur this year, it will very likely occur in the next.

Dave Stix, Jr. asked Margi when you are preparing a budget, I don't want to pick on any particular, but let's talk about Weights and Measures, if you know that your total expenses for the fiscal year and you have an idea of what money is coming in, can you budget the quantity you need for reserves into that budget or is it truly what you said, at the end of the year what's left over?

Margi: Well, we always budget – building the budget in the state is such an unusual process. You calculate and your best guess obviously is what money you are going to bring in and again on the other side, your best guess for expenses is what you are going to spend. The balancing figure hits a category or section called reserve. Now, if you're

bringing in more money than you're going to spend, that reserve will be positive. If you are projecting that you are going to spend more than you bring in, you are going to have to take money out of reserve. So reserve becomes the balancing factor when you are building the budget.

Dave Stix, Jr. said it does and what I was saying is if you had a better idea, because it seems to me what's happening now, we're getting to a position all over the state where we can get our costs fairly tight. In other words, we're in a position where they shouldn't fluctuate. The things we used to do in the past aren't going to be allowed, so we tighten the cost side of the budget down. The real floating factor is income. I realize that – but, the budget side that we're involved with, say capital improvements, your long term capital plans, or your depreciation, those are flat figures that go into your budget that tell you how much you have to set aside for those capital improvements. Can we do that on budget where you can say, this much can go to reserves, or we're going to have a shortfall and we're going to have to take this much out of reserves?

Margi said to answer your question, would be those items are taken into consideration at this point in time basically, we're bringing money in, we're paying salaries, we're doing minimum operational expenses. Anything set aside for capital improvements, vehicles, equipment, those types of large expense items, other than day to day operations, are not being considered at this time. To keep our heads above water, we're just doing the minimum that we have to do to do the operations of the agency.

Director Lesperance said just so you understand, this is the budget for the last biennium for the Department of Agriculture. It is a very complex thing, it is very difficult to prepare. Budget prepares this and they have 4 people. When I came here they had 7. I think the only way this is going to get prepared is a lot of people, probably including me, are going to work a lot of weekends to make sure this gets done. I just sent out an e-mail to the entire staff, there will be no more overtime. It's the only we can get it done.

Dave Stix, Jr. said that's what I was talking about earlier. That's trying to get that cost number so that it's not floating so much back and forth. The income thing, that's up in the air.

Director Lesperance said you can imagine the countless problems and hours that goes into the preparation of the budget.

Margi said that is only a portion of our budget there, and that's called the Executive Budget. There are about 12 budgets that are involved in there. We have about 8 different ones outside of that that we also again have to establish each year.

Hank Vogler said I understand we have options: (1) we can raise some fees, (2) we may have to lay some people off, (3) if we go see the Interim Finance Committee, they may take their foot off our neck a little bit. If Dr. Lesperance has a feel for talking to the Interim Finance Committee, or are we beating a dead horse?

Director Lesperance said that is why this meeting has been called. I received a call from Assemblyman Goicoechea about 3 weeks ago indicating that he had talked to some Board members. He was concerned about our budget cuts and he felt that we should make a presentation to the next IFC meeting. I reminded him from a Departmental standpoint the deadline for making a request to appear in front IFC had already come and gone. He said for me not to worry about that, he could take care of that.

He asked that we prepare a plan to request upwards to \$200,000. He went over the folks in IFC with me that he thought would be the fairest. He had a lot of enthusiasm. Frankly, I think he had more enthusiasm for this than I did, because I knew there were going to be a tremendous number of requests in the front of the next IFC meeting. There are 15 other Departments besides this one and they all have the same problems that we have. So I know there's going to be a lot of requests. But he felt very strongly that if we came forward with request for upwards to \$200,000, that it might be looked on favorably.

It's certainly worth the effort. I agree with him. So I said well I think the first thing I'd better do is call a special meeting of the Board so that the Board approves whatever we're going to do and we go forward with the plan. I will keep Assemblyman Goicoechea thoroughly informed; we talk quite frequently. So that's why we are here today.

C. Financial needs of Plant Industry Division

Dawn Rafferty, Administrator, Plant Industry Division, said my understanding today is that we are going to talk about the Industry's financial needs and specifically one position. When I talked about Plant Industry today, I am talking about only the Budget Account 4540. Plant Industry is pretty much an umbrella over about 8 accounts and the only one I am going to talk about today is general fund which is 4540.

Within that fund, we at this time have 7 people left and they are all general funded. And we lost 8 positions in the last budget go-around. We were previous to the last session at about 1.3 million general fund appropriations for positions within that budget. We in the last session are down to \$849,000. The people that are left if these cuts do come down and we have to cut 50%, we're looking at losing any of the following:

- plant pathology
- entomology
- seed certification
- organic certification
- nursery program
- quarantine program
- producer and phytosanitary certificates
- administrative portion of that program

So, what Tony said earlier, we're down to bare bones. If we have to lay anybody else off, we will lose programs. We will severely impact the services we provide to the producers in the state. We will lose a great deal of income.

That said, my understanding is that Assemblyman Goicoechea would like to see reinstated a specific position which is an Agriculturist's position in Winnemucca. We lost this position two years ago, it's been vacant for two years, we lost it in the last session. In the two years, we have made I think, very great strides in accomplishing what that position, the duties that were with that position from our Reno offices. Ed will come up in a minute because he has been instrumental in making sure that everything that needed to get done in Winnemucca has been done.

I think what we need think about is if you're going to restore anything, at least to my division, we're going to look at losing that position again. When we have to go back in session by next July, my guess is whoever you hire in the next couple months is going to get laid off, because they're going to be at the very bottom. So you're bringing in somebody for about 11 months. You're not going to get anybody into that position until about June, so you're already through the season. We understand the necessity of having a face for the Department of Agriculture in Winnemucca, but I think that if being down to the point that we're at, if we are going to ask for something, I certainly as the Division Administrator, would ask for something that is a little more productive to our division.

We lost in the last session our administrative assistant who did the billing for us. All of the Phytosanitary inspections that we do, this person billed out. Having lost that position, we are desperately behind in our billing which means we are not bringing in revenue, which means that we're not able to pay our inspectors in a timely manner. Certainly, that is something I would rather see restored than the Winnemucca position.

The other thing that we have to remember is that we lost in the general funded budget in Plant Industry all of our operating expenses last year. In the biennium before, we were at \$70,000 for operating, in this last session we went down to \$50,000, and then now it's taken away. We were left with about \$7,000 in operating which we could not do. That pays for the insurance on our vehicles, it pays for our e-mails, it pays for our phones, it pays for gasoline, it basically pays for operating. How we go around and do inspections, how we're able to get the job done. That was taken. We were able to go back to IFC and ask for a restoration, which they did for this year. We will have to go back in about a month at the next IFC after this fiscal year and ask for that money again. If we've already asked for money at this IFC meeting to restore that Winnemucca position, we're going to be asking again for more money. I don't know if that's would the appropriate thing to do. Obviously, you guys will talk about that.

So, I think with that if we're going to ask for anything back for Plant Industry, I prefer a different position being restored. I think there are a lot of considerations in restoring this position. I certainly would be willing to answer any questions you guys have on that before Ed comes up.

Dave Stix, Jr. asked Dawn to give the Board a little bit of insight. It's going to be really important today and over the next several months that the Board understands the issue that affects the user of the industry. I understand very well about people's jobs and those issues. But, we need to hear how it's going to affect the industry. What is the importance of the Winnemucca position, what will it mean if it's not there to the industry? I don't have a great deal of background in that area, but I do have an understanding about what life can do and it's really important we understand how the industry is going to be affected, with not only for your department, but the next department on the agenda. Can you shed some light on that?

Dawn asked do you mean specifically the Winnemucca position?

Dave Stix, Jr. said no, any, I'm thinking also of our onion folks down in Yerington. The last presentation your department gave, the export of those products, sending them overseas or in some states, how is that going to affect them? Can they really get by with private inspection service? Do they need a state accreditation? Those kinds of things, because that's what we want to hear. If we go in front of any kind of legislative committee, we've got to convince them that this is about economic development as a whole. And if they're really into that, that is a part of that whole verse. So can you shed some light?

Dawn Rafferty think back to the presentations that we gave at the last Board meeting, and so everyone of those program managers, everyone of the things that I just stated is going to have an impact. Can we get it done? In some cases, yes. At seriously priced, three times the cost of what we charge. Timing is going to be a huge issue. You know if you're sitting on a truck full of potatoes or onions that need to go to the border and you can't get an inspection, you're going to have things rot. You're going to lose quality, you're going lose money. All the things that we do in terms of inspections for diseases, we're talking garlic and onions; if we can't afford to get people out there to do the inspections, then you're going to run a high risk of having those diseases in those fields. There again goes your quality and there goes your money that you're bringing in for what would have been higher quality crop.

Insects – Jeff Knight although a great deal of what he does is funded federally, his position is general funded; Mormon crickets. If he's not around to get those people out there to spray for those, I don't need to tell you what's going to happen there.

We could talk all day and bring those people back in and tell you exactly what the effects of the industry are going to be. I won't even go into Organics. We saw what happened last time when there was a threat to that program. That's a huge income for a lot of people. And that would be definitely impact them if we didn't have these people. Not only that, we have to make all the changes to statutes. We are the regulatory agency that is to do seed certification, plant certification, all these certifications, all of that would be changed. We can definitely put together a briefing for you guys that have the numbers.

Boyd Spratling said to Dawn that she said had 1.4 million dollars in general fund that was cut to \$849,000. Those were just 8 positions that were cut, were they all general fund positions?

Dawn Rafferty: Yes, they were.

Boyd Spratling: Administrative or support personnel? Just what were they?

Dawn Rafferty: They were agriculturalists, AG inspectors, and agriculture enforcement officers, and one regional manager, and one administrative assistant.

Boyd Spratling: Okay, the \$849,000 that you have left and you're talking about cutting program officers now. I was assuming that their fees were paying for their programs themselves and I'm getting from you that is not the case. If you're getting program officers and the programs themselves, then I say the fees aren't covering the costs of that program. Is that true?

Dawn Rafferty: In some cases. If you take for example, Plant Pathology, Dr. Wang, there is no fee income in that program. On the other hand, you have Steve Marty whose organic and seed certification, there are fees in there, but they are not enough at this point to fund a program manager. So, it depends on what program you are referring to.

Boyd Spratling: Well, I'm asking in general....what I'm trying to do is distinguish for all these programs, are we actually cutting positions that are actually generally funded, not positions or programs that are fee based. I am just trying to get a feel for what is general fund in Plant Industry and what is out there that is being covered by the fees themselves.

Dawn Rafferty: Well, I'm hoping that we won't have to cut anybody. Fee funded positions are all of, you're probably referring to Budget 4545, which is pesticides; all of the chemistry department, those are all fee based. Those are not in any threat. So, the positions that are threatened are just those 7 that I mentioned before. And I see where you're going. We'll be having meetings as Tony said to try and figure out how get the 7 of us that are left off of general fund. The question is what, where can we go, what kind of fees can we get that makes sense and that are tied into appropriate fee based income. If we can find a way to get our entomology program to be on a grant fund, our organic and seed certification be on fee funding, we'll try to chip away at it in that manner.

Boyd Spratling said to Dawn you're saying that then the seed certification and organic, which should be industry driven are not. Those are general funds where you're actually in certification of sending your product abroad is general funded as opposed to fee based.

Dawn Rafferty: The program itself is fee based. The program manager, Steve Marty's position, is general funded. Jeff's is the same way. Jeff's position in Entomology is general funded, but nearly all the work he does he's able to do because of USDA grants.

Hank Vogler asked Dawn, the Department of Health, is there any money that they should be contributing to this. I know that the brand inspectors over here over the years have stop produce trucks and check bedding plants and stuff. It's for the city, is there any public health money that can be gathered up?

Dawn Rafferty: Not that I am aware of. When they stop trucks, that's typically for plant health inspections, so it's not fee based entered into the market so to speak. That's not within our realm of what we are talking about.

Hank Vogler: Can that be something that can be brought up to that Interim Finance Committee to state that many of these issues go beyond the farm gate and that many of these issues may involve Las Vegas and Reno public and maybe that should be part of our argument.

Dawn Rafferty: I'd have to look into that to see if there's good enough weight to make that case. I'd have to look into that.

Ed Foster, Regional Manager for Plant Industry Division. I'm kind of focused on the Winnemucca issue and became focused on the Winnemucca issue about two weeks after that position was vacated. We filled Martin's spot who left about 2 years ago with an agricultural inspector up there, Les Harmon, who had been around forever with the county up there and is well-known in the community and also had a certificate to inspect potatoes which was key. In fact, potato inspections we do for Winnemucca Farms was the biggest issue that we had to encounter and Dr. Lesperance made it very clear to me very shortly after Les left our employ on July 31st, that I needed to take care of that.

It took us a couple of days to get up to Winnemucca to talk to Eric who is the general manager of operations up there and ask him just exactly what he needed. He needed potatoes inspected on rail cars that potentially: (1) would need to be graded to go out, (2) another grading and a potato health inspection if they were to go to Mexico or to Canada.

After I talked to Winnemucca Farms, we recruited one of Jeff's seasonals, Emily Kretschmer, who is from Winnemucca. She had worked for us for 2 – 3 years. She got a masters degree in Animal Science and decided she in her career step into becoming a veterinarian, moved to Idaho and came back in 6 months. She decided she didn't want the animal science. She came back and is looking around deciding what she is going to do. The fact that she has an advance degree in my mind, that she could be a quick study and learn to grade and inspect potatoes in Winnemucca. We sent her up to Oregon to Cal-Ore on the California-Oregon border; a very busy border station there to learn. Thank you to the Department of Agriculture up in Oregon and USDA, because they were in and out in the potato shed basically for two weeks and learned everything

there was to know about inspecting potatoes. She was accredited by USDA less than two weeks after she came back down.

After I met with the general manager and the general sales manager at Winnemucca Farms, and this was August at the time, so this was within the 2 -3 week time period that had been laid down for me, to talk to the GSM, they led us to believe that they would start shipping potatoes in September. That's a pretty big time crunch. Emily does have a personal life and we were expecting quite a bit out of her traveling back and forth to Oregon and spend 3 weeks up there.

We spent the time, travel and money to train her. It is March 30th today and I'm just speaking facts here, I have no real opinion on this, it's up to you guys, but I'm laying out the facts on this. Winnemucca Farms has yet to ask for one potato inspection from September until this second. I e-mailed Eric and I e-mailed Cathy, the general sales manager, and told them we were ready. We had our inspector with a cell phone ready at any time. And at this time as we went further into the growing season, that we were going to need a full 8 hour lead time because Emily does have other responsibilities to the budget she's being paid from, which is seasonals, which she does cricket work, puts out traps. They swallowed that pretty well and we got a call back two weeks after that phone call which was about a month ago and said the possibility of sending some potatoes to Canada was imminent. We have yet to hear back from them. But we are ready to cover that.

Mormon Cricket and Grasshopper programs have been in Winnemucca for 30 years. Certainly was a nice connection as far as the Mormon Cricket program. As you know basically you can draw a line from Eureka showing in this part of the state and out this far is the Mormon Cricket's invasion. Generally speaking, we have Marty up there. We did have a couple of agriculture inspectors, Les Harmon being one of them, and a couple of other people that we used on weed crews and we had a contract with the Nevada Department of Transportation. Tons of bait up there. Marty worked out and was gracious as far as giving that bait out to local producers that needed that bait. We stored the bait in the Winnemucca warehouse. We still have it up there. The crews basically came out of Reno, but Marty did help on that. Mormon Crickets we are not sure what's going to happen. Everybody it seems on the west coast and has anything to do with entomology thinks this is going to be a big grasshopper season.

Strychnine baiting was another big one. As you guys know, the Department of Agriculture is only entity on the North American continent that puts together strychnine alkaloid paste. The raw product comes from India, one source. It is double in price this year. I have some reserves from last year of strychnine bait, but I'm down to about 2100 ounce jugs. I am trying to wait and see what the demand is. I think a lot of people are using other things this year especially in Eureka. We've gone through about 100 jugs so far and about 20 left. I'll get into the back part of the distribution in just a moment.

Certified applicator training; I know it was very convenient and frankly that would be a great thing to continue to have for someone to decide that they want to become a

certified applicator. They need to get the books, they need the training and come down and then take the test. We made a couple of trips up to Winnemucca for specific producers who wanted a certified applicator and that was at the last part of last year and the first part of this year, January or so. We have an annual training and testing in Winnemucca that takes place and we have already done. I believe about 35 people walked out of there with their certified applicator licenses.

We're also will be doing a special training in Elko this May. This was a special request from producers to put it on. So we'll load up the truck for two days; training for one day and testing for second day. If in fact there is a person who wants to get their application certification renewed in Winnemucca, we do feel that we are close enough that they could remember that we give them books so they can study, no one takes this test and passes that doesn't study the manuals. We could at that point, take a trip to Winnemucca and test that person in the Winnemucca office.

We do believe that it would be very convenient and very desirable to have a staff member as in an agriculturist in the Winnemucca office, but I have to say this, in the last 12 months, the crazy times economically, we have kind of come to the mindset that something has got to give, and that Winnemucca position really wasn't our ...it was kind of a process of elimination as far as what would be the lowest paying and the less effect on producers and our industry. I have to say that I believe in the last 18 months, I really haven't received one complaint. We're trying to bend over backwards. We realize the importance of Humboldt County and Winnemucca.

Generally speaking, is it a perfect situation? Absolutely not! A perfect situation would have been like it was the last 32 years and having a representative up there. Is there something that we've felt we have covered adequately? I think we feel that we have covered this adequately. Is it our decision to make or break that position? No, it is your guy's decision. Basically, what we have done is just kind of given you as much as we've got as far what we've done, what it was, what it is now.

Director Lesperance commented that he had discussions with the Governor and Andrew Clinger. Our overall budget has been cut by about a third plus or minus; closer to 40% probably at this point in time. We have lost altogether 30 some positions. We were at 103 – 104 at one point in time and I think we are down to about 70. We are [doing] currently, today, every mandated regulatory requirement we ever did. Now, there are several ways to look at this. A lot of people have looked at it and I don't want to say this too loud because there are people that will say that obviously you had too much money to begin with and way too many positions. I am fiscally conservative as you realize. I've taken a little bit of pride in the fact that these people have been able to step to the plate and continue to do all this regulatory activity even though we have far less employees. There are a whole lot of other things we are doing good job on that we used to do.

We used to have people that could write white papers for analysis of grazing allotments or whatever. The only person left that can do that is me. That's kind of a weekend project that I have, because all these things have taken from all the things that we used

to do in addition. Now, whether there is a dollar value to that not, that's up to the public or people like you to say whether it was worthwhile.

Boyd Spratling what are the ramifications of not complying with regulations. When the project personnel and the project money is gone, what are the ramifications? What if we just say take a hike? Does everybody enforce the regulations themselves? Or is the statutory regulations...what happens at that point?

Director Lesperance responded I can give you an example of one way I handled this. All of our in-state travel funds were removed in this last go around – all of them – 100%. Whether they were fee funded or otherwise; all gone. So I guess when talking to the Governor, I'm going to set up an umbrella in front of the building out here and put one brand inspector underneath that umbrella and every time anybody needs to move an animal, I'll tell them to bring it in here and we'll inspect it and we have no travel funds.

Well, obviously he got a little nervous about that and said well that is going to be a lot of real bad publicity if you do that. I said well then you better let me have travel funds. Immediately thereafter, a new term evolved called 'core mission'. What core mission means, I guess in so many words, is we will let you use travel funds if the inspection that you due absolutely requires you to travel. So I got travel claims back for inspectors, brands inspectors, lettuce inspectors, or whatever else. This is the kind of thing where we're at. I can't answer your question. I don't what happens when the day comes when I cannot perform a mandated regulatory activity which in NRS says I have to.

Boyd Spratling said that is a legitimate issue to bring before the Interim Finance and say okay regulatory functions that won't take place. And I think a lot of businesses would say fine. Businesses are going to survive regardless if they are being inspected along the ways or not. There is a whole lot of stuff going stuff out there I personally don't agree with. But, the point being is it is in regulation and so if the legislation you don't perform.....what do you say? What happens then? Because it's going to be the same question and same thing over all the divisions, not just Plant Industry.

Jim Snyder asked Director Lesperance did I understand you to say that Assemblyman Goicoechea feels the Winnemucca position is very important?

Director Lesperance said he certainly listened to me. He's very well aware that of the Winnemucca position. The last legislative session he felt it was fairly important. I think what he is looking for at this point in the time, is if he could get \$200,000, how would you use this money? The figure of \$200,000 persisted in several discussions.

Jim Snyder said it seems to him that he is a very important and effective and our ally in the legislature.

Chairman Perazzo called the meeting back to order at 12:38 after the lunch break.

B. Financial needs of Animal Disease Division

Dr. LaRussa, Administrator, Animal Disease Division. On the presentation, I'm going to find this a little bit difficult in that what I'm trying to convey is position information. Not personal involvement, not anything to do with me, but more so the positions within Animal Industry. With that, as far as within the Division of Animal Industry, we have 8 personnel. The 8 personnel:

- myself, State Veterinarian
- Laboratory Director, Dr. Rink
- Sparks Diagnostician
- Elko Diagnostician, Dr. Crowell
- Sparks Microbiologist IV
- Microbiologist III
- program officer
- lab administrative assistant

With that small organization, do you realize that 6 employees work in the Sparks laboratory? One employee at the Elko laboratory and one position in the State's Veterinarian's office. Do you realize that there's only 1 State Veterinarian in the state. I'm it, the only one. I've heard a lot of stories about there are 4 veterinarians, which is true, within the entire division. However, if we look, we can all say, within this room, there's probably 20 high school graduates, but does that define your position? No. There are 4 veterinarians, but not one of them is a State Veterinarian other than myself.

This year we had \$855,000 in general fund appropriations. That was reduced and we lost 67. As of July 1, it reduced to \$521,000 of our FY11 fiscal allocation, giving us a loss of \$313,000 in the division. Now as we looked at that, we identified agency cuts to go forward to the legislature of \$121,000; 14.5%. There were unexpected cuts of \$192,000; personnel, program officer and myself. In looking at the Department identified cuts, 47% was to be charged to Animal Industry which we agreed. Because in previous years, out of the 4 groups within the Department of Agriculture that are general funded, and that would be Resource Protection, myself, the Plant Industry group that you heard from here, and Administration, that Plant Industry and Resource Protection had taken major cuts years before. It was our turn to take the higher cut, however, we sure didn't know the bottom point of \$23,000 disappearing on the travel and training, and the \$192,000 coming out of the unexpected cuts making our cut 66.4%.

With that, we have also cooperative agreements with USDA and cooperative agreements rather than grants are about the only funding possibility for Animal Industry. There are quite a few grants that Plant Industry can apply for as evidenced by presentation at the last Board meeting. When they started talking in terms of \$5 million here for EPA, or \$3 million here, etc. These are starting April 1st, all the cooperative agreements that we have. When we look at animal traceability, animal traceability is a new one because we lost NAIS, the program changed. Avian Influenza, \$20,000, Chronic Wasting, \$10,000, \$8,000 Foreign Animal. If you go back about two years ago,

Foreign Animal Disease would have been about \$23,000. Scrapie, \$20,000, etc. We find that every year we get reductions, however, when the accounting section has to build a budget two years out, they have to give their best guess as to what things are at that time. They don't have a clue as far as what it is actually going to be. We don't have a clue. It's a big surprise when the Farm Bill comes out and the money comes down to us.

So a grand total of \$83,000 on those cooperative agreements. There also has been in the past, a cooperative agreement for West Nile. We were told by Public Health that that's a non-entity. It doesn't exist. So when the Governor, the legislature, etc. are building their budgets, they take cooperative agreements into effect.

Last year, we had 3 personnel that were lost. A program officer, Sandie Foley, who went up to the Director's office and she was taking care of all of our import permits, cooperative agreement coordination and supply requests. When she moved to the Director's office, she continued to accomplish those until about last December at which time those functions were thrown upon us without additional assistance.

IT Specialist, Lon Beal, used to function in our activity. Since that time, his position was transferred to Administration and then Lon became the administrator for Measurement Standards. So that position is vacant.

Virginia Range Office at that time up until the first of July of last year with Animal Industry had a Program Officer in the field taking care of the stray horse activity. Since that time, brand inspection since we lost all our field employees, brand inspection has taken over the Virginia Range field activities. Veterinary services then only continues to provide castrations, vaccinations, blood test, etc.

One thing I do want to emphasize that every single person that currently exists within the Division of Animal Industry has an overwhelming workload right now. To take another task and throw it on the wagon is going to bring about disastrous results. As such the loss of the State Veterinarian position cannot be absorbed by anybody else within the existing department without the whole thing failing.

Funding shortages starting July 1, travel, Virginia Range, supplies, operating, all gone. Also gone, the lab administrative assistant, currently the one we have at the office and handling everything because we are here and also the one that is currently doing all the import permit for the state. Certainly, as we look at the various functions of lab administrative assistant, program officer, State Veterinarian, we do realize each one of those functions is immense. The permits, for example, whenever our current lab assistant, has a vacation day, a furlough day, a sick absence, when that's thrown on the rest of us, the entire world comes to a stop. We can't perform any other function when we're performing that function that day.

As far as the various aspects of the State Veterinarian; the disease control within the state of endemic diseases; tuberculosis, brucellosis, etc. and quarantine authority. If

there is a disease that breaks out and we go to eradicate with task force activity, the State Veterinarian is the incident commander. Disease prevention, mandatory vaccinations; if there is a disease that breaks out, we may walk in and say we're going to vaccinate, we going to make it mandatory. It has to be the State Veterinarian that makes that decision. Import restrictions; when tuberculosis broke in California, there were a tremendous number of import restrictions that were placed upon animals coming from California and even some going to California; all that involves the State Veterinarian. And certainly disease surveillance; we have programs where we collect milk samples from the dairy on a monthly basis to evaluate for brucellosis. We check all the animals at slaughter houses for tuberculosis. Disease surveillance also falls within the State Veterinarian.

Public health; the State Veterinarian is a state public health officer. As such, the diseases showing up there ranging from bird flu, mad cow, rabies, etc. are all public health problems within the state. The laboratory conducts anywhere from 350 – 550 examinations of rabies heads every year to see if there is a disease problem. We find anywhere from 6 – 17 positives rabies every year. Our interactions with the Public Health Department, physicians, has saved lives. We haven't heard of any deaths yet due to rabies because we have identified and reported and they received treatment.

Traceability – NAIS has disappeared. With the loss of federal support, that's coming with our new 2015 program, the federal government is going to move (unable to hear) sitting in offices, thinking good thoughts and doing good deeds. They are going to rely totally on the states for going out and performing work in the field. When we look at the new traceability program, there is a new program design, in a meeting in Kansas City last month, stated now the state has to design its own program. The state is totally responsible for all tracing of all animals in interstate commerce or within the state. So, the federal government is going to trace it back to the state. All they will say is this is a Nevada animal. We have define the program of this was the actual herd where the problem occurred, where we can draw, test, make sure they are clean. There's going to be a mandatory requirement on every animal that is going interstate commerce and that ID is still in the mix. We were hoping for an electronic RFID. However, the federal government is talking right now that they're going to furnish for free, metal tags which is a step backwards. But, there is going to be a complete change that we have to track everyone of those IDs; make sure that the veterinarians that are filling out health certificates, put down every single ID on every document going. It's going to be a tremendous load – incredible. We certainly are involved in livestock movement permits associated with the brand inspection department. We track and know every livestock movement permit that brand inspection issues and thus, if there is a disease possibility, we can tell you what animals are the next door animals, etc.

Import movements; absolutely, a large portion of our work. Trace facilitation is a lot of barriers that are put up in this disease entity. We put up some barriers. We establish a appropriate barriers and implement necessary ones. And then we have to remove the unnecessary ones. When TB was in California again, there was a federal barrier to us receiving animals at this location without them being TB tested in California before they

came. I removed that barrier and I saved the valid under exception to test the animals once they got here; we had better facilities here.

We certainly want to achieve program status. If the state gets downgraded through the federal classification system, we cannot move animals from one state to another without multiple additional testing. Those reports that we have to fill out on a quarterly basis to keep the status of the state and are paramount to this state even functioning as far as exporting animals.

Veterinarian accreditation – every veterinarian in the state of Nevada that wants to write a health certificate has to be accredited. So you have the various steps; you have graduating from a school, getting licensed to perform veterinary medicine within the state, but that doesn't not allow you to write a health certificate or to move large animals interstate. For that, you have to be accredited and certainly a State Veterinarian, the training provided and the signatures are required for your veterinarians to do their work. There are going to be new program requirements on veterinary accreditation. The new program requirements go in place 2011 where they are going to require multiple training classes for every accredited veterinarian every year and the collection of a fee going straight to the federal government nothing to us, so don't get that word fee mixed up with us. All the fees, new program requirements have to be conveyed to all veterinarians within the state and we have to achieve compliance if we want to continue to do work.

Foreign Animal Diseases – Heaven forbid we ever have them. Thank goodness we have a laboratory within a system that diagnosis of them and thank goodness we have procedures in place to go out, eradicate the disease before it destroys the state. But certainly we want to get out with outreach and prevention because if it proceeds to response, costs are immense. For the tuberculosis outbreak in 2003, California, we spend 44 million dollars. For the Newcastle outbreak in Las Vegas and California, 2003, we spent 169 million dollars. Total TB outbreak; we had another TB outbreak in California in 2008, total 207 million dollars extra have been spent since 2000 for TB. You want to prevent, not respond.

The ping-pong balls here are meant to demonstrate the juggling the State Veterinarian has to do with many, many functions. These functions might include public, interstate trade, disaster preparedness, international trade, endemic diseases, health certificates, administration, national policy, etc. But, I want you to notice in this, is that I attempted to spell words correctly, I attempted to juggle them all and I attempted to keep them all in correct size proportion as compared with out-of-state veterinarian, spelling is correct, inappropriate sizing on some of those ping pong balls and some are going to get lost. Certainly as we look at impacts of the state veterinarian eradication, these statements came from the handouts that I gave you that reflect in this case the National Assembly of State Animal Health Office Officials. I'm not going to read all that to you, you can read it. Certainly, they strongly recommend that the state veterinarian and supporting infrastructure is vital. This came from an Extension Notice; they thought removal of the state veterinarian was ridiculous and hoped that the people would demand an alternate.

From the American Veterinary Medical Association, has 80,000 + members in the United States, veterinarians, that elimination of the position potentially puts the health and well being of Nevadans, their livestock and pets at risk. When we say Nevadans, we're not just talking about industry Nevadans. We impact every household whether it be the public health aspect, anthrax, etc. not just animal industry.

From the Nevada Veterinary Medical Association said the position is far too important to eliminate. From the Public Health Department they definitely support the working relationship, the value of our laboratory, animal service, to the well being of personnel within the state.

Without additional certification and additional testing and most likely all that testing would have to be done at their location for additional costs to facilitate trade. When we are looking at just livestock, we're talking over 320,000 million dollars a year in trade. Products such as milk will get probably get up to another 180,000 million dollars from that. We are talking immense costs and loss to the state. Certainly, the position of state veterinarian is mandated by NRS. This a copy from a letter received and this letter makes the statement that the laboratory supervisor could be the acting state veterinarian. Trust me, at this time, she is so overwhelmed, another straw will break her back. For her lab to be a part of the NAHLN, National Animal Health Laboratory Network, that requires an immense amount of work, let alone her job is laboratory director, she is not state veterinarian.

Every state, including Alaska, with virtually no livestock industry, has a state veterinarian. This would be the only state without a state veterinarian.

As far as the NRS 571.120, subsection 2, specifically states that if there is a disease in livestock or wildlife which threatens livestock, that the state veterinarian would be the incident commander in eradicating and working with that disease ending. In the absence of the state veterinarian, everything that the Department of Agriculture is attempting to do with the Department of Wildlife, by default it would go to the Department of Wildlife. We would have no influence there.

As far as retention – support for retention has come several sources;

- American Veterinary Medical Association
- Nevada Board of Veterinary Examiners
- Nevada Cattlemen's Association
- Nevada State Legislature
- Nevada Veterinary Medical Association
- United States Animal Health Association
- United States Department of Agriculture
- National Association of States Department of Agriculture
- National Assembly of State Animal Health Association
- Nevada Board of Agriculture
- USDA Veterinary Services

- Washoe County District Health Department
- Western States Livestock Health Association
- Nevada Department of Wildlife
- Nevada Tribal Council
- Nevada Woolgrowers
- University of Nevada – Reno

Therefore, we request the Board's approval to present to Interim Finance Committee a funding request for the State Veterinarian retention.

A program officer was removed during this last special session. It is recognized by Andrew Clinger, I believe, that was in error. And as such, there's supposed to be a presentation given at Interim Finance to restore that position. That again is a critical position. The hope is that will be addressed in the other forum and not be a part of the request we have here.

We also lost the administrative assistant and as far as the other forum, we're looking for other funding sources. We think we can retain the administrative officer through other funding sources taking up a dollar or two from a cooperative agreement for example.

Certainly, one thing I did want to mention is this is a state veterinarian position. I also occupy the position of administrator of the Division of Animal Industry. I don't see conversations about removing Dawn, or the Director or anybody else that's in an administrator position directing an entire division. As such, the loss of the head of the division to me is inappropriate. And certainly, again to stress the point, I'm not talking about me, the person. I'm talking about the position.

Ramona Morrison said when I came to this meeting and written correspondence from various people that have contacted me about this situation, the intent of supporting going to Interim Finance Committee to get this position reinstated through the Interim Finance Committee, but I am extremely troubled with what you just presented up there. Because I'm not sure how we functioned before you came here.

Dr. LaRussa replied you had another state veterinarian.

Ramona Morrison said we had acting state veterinarian.

Dr. LaRussa replied, no, you had interim acting state veterinarian who did not have the same functions, did not have the laboratory problems that we have at the present time, we did not have the loss of Sandie and all the import requirements. We have everyone.....

Ramona Morrison said I understand that everybody across state government whether it's in this Department or other departments have felt the crunch of the budget cuts in a way that is indescribable. We have never seen it like this before except probably during the Depression. And we probably didn't have a government in this state during the

Depression anyway. But, here is my problem with this presentation. Can I ask where all of these people who have corresponded with us as a Board got the notion that the position itself for State Veterinarian was eradicated contrary to Nevada state law.

Dr. LaRussa replied on Monday, March the 1st, the Director walked into my office, handed me an e-mail from Sarah Coffman saying based upon Decision Unit E601, which we had never seen, had no clue that it was going forward, no reason to have appeared at the legislature because that was not on our horizon. I have not got a personal clue on where there decision unit came from, but so that we could be there to represent it. As of that time, on the 1st, I was notified of eradication.

Ramona Morrison said I understand that part of it. But, we have no statutory authority to eliminate the state veterinarian position. We may have the statutory authority to put somebody in the position of acting state veterinarian position. The position itself had never been eradicated. That's not correct.

Ramona Morrison said it is not eradicated. She said it would have to be done statutorily and we have to have someone in as acting state veterinarian, is that correct?

Dr. LaRussa replied that is correct.

Ramona Morrison said what you've have done is you have apparently corresponded with all of these other people across the United States, that the State of Nevada has eradicated the state veterinarian position which is misleading and false. And what has happened, if we have all this correspondence from various states saying 'we can't do this, we won't certify this, we won't do this', you have potentially have hurt our trade and our commerce with this misleading statement to other states. Am I missing something here?

Dr. LaRussa said yes, you are missing something. Yes, statutory requirements exist and if we're talking about me, the individual, yes, the Director can remove me from the position if the Director gets concurrence of the majority of the Board to do this. I have not been told that I am personally removed from that position. I've been told the position has been eradicated. As such, yes I have had no gag order saying that I cannot tell anyone else the status of the position.

Ramona Morrison said let me very clear. I, personally, have I think a fairly good comprehension of the workload that your particular division is under and in fact, I'm very concerned about the conditions in that one area because of the health I fully support your position. Okay? I am not projecting that you be gagged. I'm troubled with the fact that you've misled other states to believe that we're not filling the position, one way or the other. That we have somehow magically with a wave of the wand, or Tony has with the wave of his wand, eliminated a statutory position. And as a result, or perhaps causing problems with our commerce back and forth with other states. I think that is troubling. And so, again from my point of view, I support your position but I think

you need to be accurate in what you say. You're pay for your position is strong enough without being misleading.

Dr. LaRussa asked 'have I been eradicated from the position'?

Ramona Morrison said, sir, before you were here, we had an acting state veterinarian.

Dr. LaRussa asked again, 'have I been eradicated from the position as an individual'?

Ramona Morrison said that's what we're here to discuss in this Board. That's what we're here to discuss with regard going to the Interim Finance Committee and at the end of the day, the finances with regard to your position are what (unable to hear what was said).

Dr. LaRussa said if I have been removed from this position, I would have expected something from the Director saying you're being removed from this position as such I'm bringing it up to the Board to verify or not verify that action. To my knowledge, that has not occurred. If it has occurred, and I'm eradicated, please let me know. If the position is eradicated, that is what I was informed. I rest my case.

Boyd Spratling asked when we lost the funding for the state veterinarian, are we just funding the position or are we just finding somebody and not refilling the position. What is the actual status of that position, fiscally in the state of Nevada?

Director Lesperance said we got news Monday morning after the session. I believe it was either Monday or Tuesday. It was probably it was Tuesday, because I did not understand theI saw what the cut was and I came to the conclusion that it had to be a veterinarian. I think it was Monday afternoon that I finally got it through my head what it did. I think we talked Tuesday morning and I believe our conversation went along the lines that probably you're going to lose your job.

I said I would help you every way I can. We talked about appointment of the other three veterinarians into the acting position. I clearly remember that discussion. You personally indicated to me the only person you felt comfortable with acting veterinarian would be Dr. Rink. I concurred with that based upon the conversation that you and I had that she had been acting state veterinarian on a least two prior occasions. Even though she may feel she doesn't have time or whatever, I believe she can fill that position. I know of nothing I sent out in any way, shape, or form to anybody that ever suggested remotely that I or this Department or the Board was going to eliminate the position of state veterinarian.

I'll read a letter from Lynn Hetrick to Ron Cerri. I'll read one paragraph out of it. 'Director Lesperance has acknowledged there must be a state veterinarian. We are confident that the duties of a State Veterinarian will be covered until a permanent solution can be implemented'.

I have discussed this with the State, I've discussed with everybody, I've discussed it with you. I have a stack and I've given you all the letters that came in and finally quite giving you the letters that came in. Here are 20 more letters from all across the United States; everyone accusing me of eliminating the state veterinarian position. I have not done that. I have never suggested it. I've never implied it to anybody. I want to make absolutely clear to this group. That is a solid basic fact of this matter. I have never suggested the elimination of the state veterinarian. I couldn't do it; it's state mandated. A person who has the Director's position has to make G __ _ damn tough decisions. And I made a damn tough one and I'm going to stand behind it.

Boyd Spratling asked Dr. Lesperance who made the decision of what position would defunded?

Director Lesperance said I was asked early on, long before the special session, every department in the state was asked to submit a 10% reduction of their general funds. I met with all of our division people that have general funds. I told them I didn't have any choice in this and prepare a 10% reduction of general funds. Each division did that; ADL did, Plant Industry did it, PARC did it, Administration did it. Incidentally, I went back up, everyone is talking about the cuts that have been made in various departments, being very significant, there is no department here that has had greater cuts than Administration. I have eliminated essentially everybody from administration. There is no department that has had greater cuts than administration.

Anyways, after that 10% go-around, it became obvious that the Governor was going hang 6% on education. I suggested to the Governor and Lynn Hettrick and Andrew Clinger in a private meeting, that I thought their position was ridiculous. I told the Governor, you'll cave. At the last minute, you'll go to 5% or some such figure and it's going to leave everybody hanging. They said well what do you expect us to do? I asked that they come through with a staggered series of cuts we could make if in fact they changed their mind and went from 6% to 5% which is exactly what they did at the last minute. That's when any cuts were asked for. The first one I was asked for was how much of our reserves could I give up? My reaction was none. They said well we're going to take some anyway so you'd better tell us. I said well you can't take it out of any the fee funded programs, so I don't see how you can take more than half a million dollars.

Andrew Clinger said they've already made a determination that any fee money that goes into reserves is now state money and we can take it. Well, so I'll offer you half a million dollars. About a week later, I was asked to come up with another \$150,000. I said I absolutely have no place to take \$150,000. If I took it out of PARC, that would be 3 or possibly 4 more trappers. That would completely destroy their program. If I took \$150,000 out of Plant Industry, it would close down a minimum of two of their programs which would put us in violation of state regulations and cost the Department several million dollars. At that point in time, I finally capitulated. I said okay, the only thing I can do is give up a veterinarian. There are four general funded veterinarians in our

Department. That is no secret to anybody because that was discussed extensively at the last legislative session. If I have to give up a vet I will.

The discussion probably continued another week later and said well, you probably got to give up the one that is the most recent hire. That's state law. Dr. LaRussa falls into that category. That was my last final option. I didn't think it would ever get to there. This Board and most of the people in the room have seen an e-mail from Lynn Hettrick that was sent to me that Friday afternoon before the session I asked is it necessary that I be there because it was unclear what was going on. Mr. Hettrick felt everything was in good shape; there was not going to be any problem, go to the ranch which I did.

In hindsight that was probably a mistake. I wake up Monday morning to find out that I lost the 10% and lost half a million dollars out reserves, I've lost 1.5 million. And I lost Dr. LaRussa. I believe that as soon as I got that through my head I came directly to you and presented you that information and discussed options. Again, I will guarantee everybody in this room, I have never once suggested elimination of the position of state veterinarian. I would hope that the existing veterinarians to find it in their job performance enough room to occupy the position of state veterinarian somehow. Every person in this Department has had to do this already. When I came to this Department, I had three backup people helping me budget, write white papers, whatever else it might be. All those positions are gone. I will guarantee everybody in this room that the cuts the other departments have had including administration greatly exceeds what ADL has had to this point including the cuts that they're talking about right now.

Christine Munro said we are going to get to the nitty gritty here pretty soon and she wanted to once again.....so that you all understand what your duties and role and responsibilities are here. NRS 561.105 says the Board shall establish the policy of the Department. Policy means a broad general where do I go, how do I go, what we're going to do. The Director, his responsibilities are laid out in NRS 561.145. They are about the day to day management of the Department. So, your role as a Board is to set policy, broad policies – where do you want to go, what do you want to do, how do you want to get there, where do you want to go in the future. I want you all to understand that because we are going to be getting into some very specific issues here with budgets and what we want. The fact of the matter is budget cuts are made in all departments and all divisions throughout the state. So, it's not just you. It's not just Dr. Lesperance, it's everybody. So, I just want you to understand that you're policy makers. You're not managers, you're policy makers. I think there is a distinction. I just wanted to make sure that everybody understands that. Because you evolved into fighting and that is not what we need to do. I know you understand that. So, I just wanted to reiterate for your edification that you're policy makers. That's what you do.

D. Financial needs of Resource Protection Division

Mark Jensen, State Director for USDA, Wildlife Services Program and also the Administrator for the Division of Resource Protection. Mark said everybody should have a copy of his printout – starts out with ‘summary’ – there is an error in budget 4600’.

Today I am going to focus on where we’re going with the Interim Finance. I did not prepare a power point for giving an overall presentation of the Division of Resource Protection. The Wildlife Services program in general – I would like to do that at some future Board meeting where I can present to the Board exactly what we do and how we do it.

Our budget with the State Department of Agriculture and Budget 4600 and you can see by the very first line there is an error in Budget 4600. The anticipated expenses exceed our revenues by \$73,440.44. This budget is pretty – it can be complicated, but if you break it down, it comes fairly straight forward. We have 8 full time field specialists that live out in mostly rural Nevada. Our eight field specialists are people that live and work out there and our mission is to protect Nevada’s agriculture.

Most of you are familiar with what we do. The eight employees that we have, we had twelve, now we have eight, those employees are mostly funded through general funds. Our employees are not regulatory; they have no regulatory responsibilities. They do not bring in fees. They are funded through the general fund and then you can also see that there’s \$40,000 which comes in Category 15 which we call for lack of a better word, a gift from NDOW to support two mountain lion specialists. And then the third place that we get any revenue is from the Woolgrower’s head tax and that’s \$12,525. So, you can see that our total revenue for our eight employees is the \$594,000 almost \$595,000.

When you go through the budget and you add up the numbers from the anticipated expenses, you can see that we have salary and benefits, in-state travel, operating, IT, training, contract services for the Ely supervisor. When you add that all up, you have anticipated expenses of \$674,355. Basically, this error that is in this budget really came to light when we were closing out the end of last year’s budget. I did not catch the error in this budget. Granted we’ve all been going through a bunch of personnel changes. I am the administrator and I didn’t catch this error at the end of last year. So, what I’ve decided to do on the federal side is to write off the \$73,954 in bills that I had submitted to the Department of Agriculture. I ate that on the federal side. I didn’t catch the error and decided to eat that on the federal side. Got dinged for it a little bit on the federal side, but that’s just the way it goes.

That brought this error to everybody’s attention. I’ve been working very close with Katie and Katie has been working closely with Carson City and we’ve been making this error well known to everybody down there. In a little bit, Katie is going to come up and explain some of the more intricate details of the state budget and how it works.

This error originates in Category 15 and that's kind of where this budget gets complicated. There are some dollars that are generated from the \$3.00 fee that NDOW gets for – when a hunter applies for a big game tag and goes back to AB 291, that \$3.00 fee is generated into a fund for the Department of Wildlife and then they choose to use that money to do predator management to protect wildlife. Well, the way that was originally set up to where Wildlife, NDOW would collect the money. The money would basically come through the Department of Agriculture and come to me on the USDA side in order for me to implement NDOW's predation management plans. Kind of complicated, but that's the money has always flowed from NDOW through AG to me on the federal side, because I am using federal employees and federal resources to implement their plan.

That's kind of how that whole error came about. The bottom line for me is the Division of Resource Protection, we originally had twelve employees and we're down to eight employees. In this year, I need \$52,000 from the Interim Finance Committee, because we already basically spent the money. We're talking about this year. I'm not talking about next year; we're talking about this year. We had guys out there working and driving their vehicles and we need that money to fix this error.

I ate the \$73,000, almost \$74,000 last year and I cannot do that again. This error has been known for a long time and it needs to be fixed. That's kind of where we're at. For me to fix the error for this year and then we also need to fix the error for next year, because if they don't fix it for next year then they're immediately going to say, you need to lay off another person or two in order to fix this \$78,000 error.

Katie Jameson, Fiscal Services. Katie said she was going to talk about the Predatory Animal and Rodent Control Division's shortfall. I have been dealing with it since early November. I am going to start with just a little bit of an overview of the process so you can understand how this happened, where we're at in trying to resolve it.

In the 2009 – 2011 biennial budget, fiscal years 10 & 11. We prepared this budget in 2008. In that process, there's three phases; agency request, Governor recommends; and Legislative approval. During agency request, the agency takes their base year, which would have been 2008, take the base figures and you pretty base it on historical, knowing how the accounts work, the numbers that you go through, the revenue that you know goes through and make you make your best projection by how that base year looked in 2008. This is a pretty small budget compared to other budgets. It doesn't have a lot of components, it's not very complex, it's pretty straight forward. The way we approach it in an agency request to make it an even more straight forward process, we kind of look at the end NDOW revenue as a separate, sort of how you would recognize a grant or something that you can't for sure count on in the future. They don't actually approve the Predation Plan until late summer of the first fiscal year in your biennium. There's no way to truly know the numbers, but we can base it on historical. But for clarity purposes it's always pulled out of the account. We do not recognize Category 15 which is the expense category we put this NDOW Predation Plan expenses in and the revenue GL 4667 is where we recognize the revenue part. When we build the budget,

historically going as far back as I can find actual records on back to 2001, it's been the agency's approach to zero the category out – to zero expenses and zero revenue. We don't recognize it at all. With the statement that we are unsure of what it will be, the Predation Plan is approved by the NDOW Board late summer the first fiscal year. We then try to get on to IFC around November, which is usually the first one we can get. We then with the approved plan, we say they have approved us for \$260,000 or \$400,000, whatever the number may be. We work program it. Now we put this into our budget. And that is how we've always approached it. So, going back in November, every year, we put this into the budget which means we have the approved plan, there's a contract in place with the Nevada Department of Wildlife and ourselves saying that we will complete this work and then we enter into an agreement with the USDA office saying that they will complete the work for us. We are not really capable of doing the work. The USDA office has all the equipment and staff to do this plan.

The state really just facilitates it because the NRS requires that it has to be run through a state account and the NRS specifically states that the Nevada Department of Agriculture will do this. Well, when the Nevada Department of Agriculture will go ahead and run it through the USDA office, because for obvious reasons that Mark Jensen and staff and facility has the capability to do this.

The twelve field assistants are there to work on the public side and protect livestock and woolgrowers and agriculture. That is their specific purpose. Mark Jensen employs his own government employees which provide the services for the Predation Plan for the NDOW work.

She said in her handout and in #1 is our agency request fund map and these are one of vital tools that is required for everything we do financially with the budget office and it shows specifically how we're going to fund certain activities with a very specific revenue source. The agency request on that shows that in Category 15 there are no expenses. And the 4667 transfer from NDOW showed a \$40,000 which is the gift Mark talked about for lack of a better term; it's what they call it. It's 'here you go, we have two field assistants that do mountain lion work'. Years and years ago, there was an understanding that they would give us this \$40,000 to help offset the salaries of these two gentlemen.

So this is how we requested the budget and we went through the process. We put it all out there in the Nevada Executive Budget System. It's a module, for lack of a better term, where we compare our budget. Everything gets data input into there. Your bases are uploaded; they all get uploaded. We didn't make any changes to the budget at all, because it was business as usual – nothing wild happened. At this point, we don't know about the budget reductions. This is in the summertime 2008. This has to be submitted by August 30th – the Agency Request. After August 30th, it goes into Governor Recommends. That is a confidential phase; we are not allowed access to it. You can't see what's going on and we're unaware of anything except for verbal communications and e-mails with the budget office at this time for adjustments. The Governor's staff goes through it and decides what they're looking at, what their ideas are and what kind

of adjustments should be made as well as maintenance type things. They'll go in if the agency missed anything, the one time expense they'll take it out. Things like that and they'll go through the whole program and make any necessary changes. Salary increases, decreases, things like that.

At this phase, it is now fall of 2008 and the first budget reductions come down the line and all that starts to come into play. Meanwhile, we're working with the budget office via e-mail, verbal communications to make adjustments, and that kind of thing. This error per se was made during this phase. During this phase, the budget analyst went in and decreased the expenditure that in essence was how we paid Mark Jensen's office to facilitate the NDOW program and they reasked for 100% funding for the 12 PARC field assistants at that time. They went in and they offset it and decreased the percentage from the 100% and they took the dollar figure at \$118,000 and offset these two gentlemen, P 1 & 10, their positions with a full funding indicating that NDOW would be paying for their salaries in full instead of just the \$40,000.

Hard for me to say why or how that would have happened, why someone made that assumption because it is very unusual when you go back years and years and years back into this account funding. It's never done, it's totally inaccurate because these two field assistants do not work on the Predation Plan nor can we bill NDOW for it. There's no way to recoup that revenue. So what happened, what created this, when they put it into Leg Approved, it was approved with \$118,000 less than what we needed in general fund. And so we didn't request the proper amount.

In Leg Approved, a whole different staff looks at this, they have their own ideas, they're working off their own agendas, they're working off their own pressures, and they're making adjustments on a higher level and doing different things for the budget at this point. They review it and they decide this is what they are going to do. This is where it comes to the table that we have 12 assistants and 4 must be laid off, because there aren't enough general funds now to support the full 12. And \$118,000 less was requested and therein we have a shortfall in the general fund.

In reality, had we had the general fund at the appropriate amount as the agency requested, I still think we would have left the table with 8, because nobody was willing to shut the door on this division and that's how everyone thought that that would happen at that time.

Coming in November, we're trying to do our normal work program to bring up the Plan to its true dollar amount, because it's now 2009 and we're into the biennial budget; it's approved. The error had not been caught originally. Really, the main concern at this time for everybody was we're laying people off, we have positions out there, we are going back and forth. It's really a hectic time. So to go back and assume that somebody didn't really do their job and that things were inaccurate was not something for this small of a budget, to be under the radar and find an error.

But, when I go back in to do the fund mapping to ask for the \$400,000 because now the NDOW Commission has met and they have approved the plan and they want to go ahead and do \$400,000 worth of work. All the agreements are in place, the contacts are in place and we're proceeding with this. We want to proceed with it in November as we usually do, because this account can have problems because it is mixed with the general funded area and an area that is being supported by NDOW basically.

We ran into the problem because they basically borrowed the general fund cash up front until NDOW reimburses us. It goes like this: Mark goes out and does the work, Mark bills for the work, his budget analyst prepares a bill, it comes to our office and we say okay we've completed \$25,000 worth of work on the Predation Plan. He has a budget analysis on the government side where they keep a general ledger, because the NDOW plan has to be performed to a number that they have already budgeted. We're just here to pass money. They are doing all the billing. They send it into our office. We then give him a check like creating a payment voucher. We give them the check and at the same time, his budget analyst has billed NDOW for the work. We pay Mark and NDOW gives us the money back. There is a little bit of delay time from NDOW to actually give us the money back. That's where this big problem can be created because we're borrowing general fund money and if we not very careful, we can easily run out of cash and then everything backs up and creates a big problem which we encountered in the past.

So to be clean this year, we made sure that none of this is going to happen. We're right on NDOW to get that revenue in and everything else. We're proceeding with our work program to bring up the expenditure in Category 15 so that Mark has the authority to go ahead and do the \$400,000 of work that he entered into this agreement with NDOW.

The budget office this time tells us it's too early to do this. And I realize that at the time, we're doing this, that there is problem and we're going to be \$78,000 in the hole with the general fund appropriations, because when they made the adjustment, they overstated the revenue that was coming in from NDOW and they decreased the expenses that were actually needed which created this deficit. The budget office told us we need to take immediate action; to go ahead reduce costs which we did and today Mark and I will save \$20,000 in operating costs. Now, we're down to roughly \$52,000 this year that we really need. They did the best they could to reduce that without hurting the core mission of the program or laying people off.

They said it was too early to approach the Interim Finance Committee at this time to ask for the funding and we will have to wait for the April meeting. We readdressed it. At this April meeting with the deadline approaching us, I've prepared a work program request to go ahead and ask for the additional funding from the Interim Finance Committee. At that time, the budget office tells us there is a possibility that the NDOW will have some additional funding for you and they can help you with this instead of going to the Interim Finance Committee. So, at that point, we're told to approach them. We approached them, we pursued that avenue, we requested that maybe possibly, because we're handling the mountain lion program, our expenses are pretty hefty now, the \$40,000 really only covers a tiny portion of it. And could they possibly help us in that avenue

since the two kind of cross over the departments. They told us no that it wasn't workable and that they were told to stand down by the budget office.

So, in the back scenes what is going on is they're conferring with each other. Of course, everyone is trying to do everything possible to not ask for general fund money at this point because it is so low and trying every other avenue before going [to Interim Finance Committee]. So, we do this and by the time we get a response from the Nevada Department of Wildlife, the deadline had passed.

So, we talked with budget since then. We've made it really clear that the PARC office will not eat this this year – they will not. At this point, it would be really hard to even recover the costs, because we've gone so far into the year which is why we got it early on. But, at this point, they even realize that it's not even possible even if they were to layoff the whole entire division at this point, recovery still couldn't recoup the \$52,000. Because after 30 days notice and all of the requirements for going into layoffs, by the time they get to that point, saving the salary of each guy for the last remaining pay period for the fiscal year was going to be very minimal and even all together, it probably won't make it. So, at this point we made it clear to the budget office we pretty much have to go to committee. We can't go to the budget in the red. They have gone back and forth with us. They won't put anything into writing whether that will actually be totally possible. They have been pretty back and forth about it. They have sent a lot of other directions and pretty much at this point we're just trying to say, 'hey, this is the problem we have and we need to proceed; we have to get past the hurdle of where did this happen, why is it there, and maybe it's not there'. It is there, it exists, we all know it exists and this budget is definitely going to need to go to the Interim Finance Committee.

Mark Jensen said the bottom line here to summarize all this, I need the \$52,000 in 2010 to fix this problem and then when we look at 2011 this next year, I am going to have that same problem again unless they fix it. So, that's kind of what we're looking at as far as going to IFC and hopefully being able to get on the agenda for fixing this. The other documents that I included in my handout are just agreements and the financial plan; different things that we have in place.

Director Lesperance said he thought for the Board, we need to specifically identify the total amount of money that needs to be requested from IFC.

Katie Jameson responded and said \$52,000. Next year will be the same as this year, because the two fiscal years of the biennium budget are exactly the same. So, we'll start off with a \$78,000 deficit and Mark feels he can save the \$20,000 again. That's how we got it down to \$52,000. It started out to be a \$78,000 deficit.

Director said again my question is, so I have it clear in my mind, how do you resolve the second year deficit?

Katie Jameson said the second year, we will to ask for money from the Contingency Fund as well or lay off somebody.

Mark Jensen said if they don't fix it in 2011 as well, then I will immediately have to lay somebody off in order to make up that \$52,000. There is no other way to do it.

Katie Jameson said at the beginning of the year.

Director Lesperance in the request to IFC, do you not wish to make this known?

Kathie Jameson said you can only request one area at a time.

Director Lesperance said he understood, but don't you want to make it known what this problem is, so everyone clearly understands, this is not a regular problem.

Katie Jameson said yes. They clearly understand and we will do that. We've had a problem getting it clear that there is a problem. Once I make it past that hurdle, yes, the problem exists this year and it will exist next year. I haven't even passed that hurdle yet. Yes, it exists this year.

Director Lesperance said for the Board's information, I have kept track of the mistakes that have been made at the state level, both with the Governor's office and LCB. He said they have cost this Department close to half a million dollars since I've been here. The only wrong that we've ever really been able to solve is Holly Pecetti's position.

Chairman Perazzo asked Mark Jensen, if we go to Interim Finance and they don't give in; \$52,000. What's option B?

Mark Jensen replied for 2010? The USDA will submit those bills wherever for collection and that means that they will probably go after other grants that come from USDA that come to the Department of Agriculture.

Director Lesperance said I can assure you that what Mark said is correct. If they do not give him the \$52,000, we will have to make it up. I have no idea where that money will come from at this point.

Mark Jensen said the USDA provides a different variety of grants; cricket money, USDA grants. There are a bunch of other USDA grants. I am assuming, I don't know for sure, they will go after one of those grants and get that money back.

Director Lesperance said if we are forced to go after a grant, it doesn't help the Department's status in future grant applications to USDA.

Mark Jensen said, no, you would be in default and that is not a good thing in applying for grants.

E. Other financial needs areas.

The Director said he put this item on the agenda in case anyone had a desire for discuss something. I thought maybe by this point in time, you would be well ground into submission. The Board needs to understand where we're at and what we're up against.

F. Request permission to prepare a plan to restore short-term financial stability for the Divisions named above. Discussion of how and when the plan will be presented to the Interim Finance Committee for consideration.

Director said they would think the \$35,000 is what they would like to have in Plant Industry. \$129,000 to LaRussa and \$52,000 for PARC. All that adds up to \$216,000.

Dave Stix, Jr. said he has a question about one of those requests and it wasn't clear to me this morning and we need to hash it out carefully. That is the request by Plant Industry. There seems to be a lot of discussion. We heard it at the last Board meeting. We heard it today; that there is a lot of outside money that comes in and helps those departments. I know for a fact that a lot of grant funding comes with administrative fees that can be used specifically for administration. So, I want to make sure we're clear that for that kind of money to go to IFC, that that is really truly something that we honestly need to go after. Is that something that they can take up within their own department that they fund for a part-time individual to bill out?

Director Lesperance said I believe I can hire a half-time accountant for less than \$35,000.

Dave Stix, Jr. said, okay, Tony and I appreciate that input. But can they fund it within their means that they have.....

Director explained that if I sat down and worked with them, I can manipulate some things around. The Director has certain freedoms, I guess for lack of better terms. But, it can only go so far. All the funds, especially like in something like Plant Industry where the money, where we've got, it a small portion of their overall budget. All these other things have strings attached to it. Can I come with say \$20,000 or \$25,000 out of their budget to hire a half-time accountant? Tell me how. Can I come with \$15,000 to partially support a half-time accountant; I might be able to do that. You're pushing your luck is what you're doing. Let me explain there isn't a single dollar that's going anyplace, in this point in time that auditors haven't accounted for. I think we've a very clean bill of health, because we've played it very straight forward and very honest. I always have a little wiggle room and I'm not sure how far I can push my luck. But, I can only push it so far, because everyone of these funds are identified.

David Stix, Jr. asked the Director that just so we're clear on the stuff that's been reported to us today, does administration, say in Plant Industry, are the administrators, Ed Foster, Dawn, are they 100% general fund or do the grants help fund their position?

Director Lesperance said they are 100% general funded; there are 7 people that are 100% general funded. I have made it very clear to them this will not continue. I don't care how they resolve it, but I don't want to see more than 3 on general funds before the next biennium. That will be identified in that budget that goes forward, that those are no longer general funded positions.

Dave Stix, Jr. asked, so you are going try to make

Director Lesperance said I'm not going to try. I am going to absolutely insist.

Dave Stix, Jr. said so several of those position are going to be paid by....

Director Lesperance said I don't care where it comes from. There are many options. They have federal grants we can put some on. There are a lot of options. I've told ADL the same thing. ADL at this point in time, I don't believe has many options. If we stay with three veterinarians or 4 veterinarians as the case may be, basically, if there are no general funds available for those positions, at the next legislative session, if we're going to protect what we've got at that point in time, I don't believe I can have any other people on general funds other than veterinarians. Do the math; I can't do it. In all likelihood, I will have less than a million dollars in general funds a year from now.

Dave Stix, Jr. asked are there funds, when you get grants, do they specifically have funds that can go towards administration?

Director Lesperance said one of the great shortfalls of this Department, I identified it long before I became Director, I identified it at the meeting where I was asked to apply, one of the great shortfalls of this Department is we do not have an adequate formula for indirect costs. We're pathetically behind. It is one of the things I've been working on and not accomplished. But, we have got to have a better accountability in our grant funds so we have money coming back to cover these indirect costs which includes having some money for some of these other things. We've got to have it. We haven't done that yet.

Hank Vogler asked the Director what would it take, we're within \$16,000 of funding Dr. LaRussa, funding Mark Jensen, and funding Dawn Rafferty's request? What would it take to get that \$16,000 from say Public Health? They pay for their lab work I understand, but they do not contribute anything to the State Veterinarian's position, any of them. I wouldn't be embarrassed to go to Assemblyman Goicoechea and ask for \$250,000 and let him cut us to \$216,000. I am pretty sure that he is more in tuned in to we want that State Veterinary position. We are so close, if that's all we're asking for; either through public health or through or just asking for \$250,000. Those guys are used to that aren't they?

Director said to answer Hank's question, he said Assemblyman Goicoechea was pretty adamant about \$200,000. I can certainly talk to him again. I probably will call him tonight and find out exactly what the parameters are. I would say at this point in time

until I know different, I would be reluctant to come forward with more than the \$200,000 request. He was pretty adamant about that.

Doug Busselman said it seems to me the situation in Wildlife Services is actually a traditional, normal type of approach to take to IFC. You might be better off letting Mark go forward to deal with the issue they have to deal with in the budget, because that is a budget issue that normally gets dealt with by IFC and then going in for \$162,000 as far as a request. Instead of going for \$200,000, you go for \$162,000; that covers the Plant Industry's request and keeps the two apart so you've got Assemblyman Goicoechea able to pursue his numbers with \$162,000. You've actually less than \$200,000 and meanwhile the legitimate process of IFC is being dealt with in terms of fixing that problem independently. That's just an idea for consideration.

Dave Styx, Jr. said to Doug Busselman, I hope what's being translated to us in some language that we can try to understand from our legislators is, and maybe I am very naive about this, that in the past if you only need half of the moon, ask for the whole moon. And maybe you'll get half or a quarter. And I hope the message that we're getting here is that if you only need a quarter of it, then please only ask for that. I don't know, maybe I'm wrong, but I think that is what Doug is trying to say here, that if we only need \$160,000 [\$164,000].

Doug Busselman said if use the \$35,000 and the \$129,000 that is \$164,000. What I'm saying is conceptually you're disconnecting the normal, legitimate process that Mark has to go through with IFC if it's a budget problem. Keep that separate from your other requests and deal with the request for the State Veterinarian and the other fund and go that way. That's my suggestion.

Director Lesperance said Mr. Busselman is absolutely correct. I would never go forward with a request for \$200,000. I would go forward with 3 separate requests.

Director Lesperance said he would suggest after, and I've thought about this long and hard for a long, long period of time, I would suggest that we go forward; you're recommendation to me would be along the lines that we go forward with two separate requests. First and foremost is the \$52,000 for Mark. If we don't get that, we've really shot ourselves in the foot. Secondly, would be the \$129,000 for Dr. LaRussa, and third would be what I would think would be a reasonable figure for a part-time accountant to help Plant Industry; it's not \$35,000.

Ramona made a motion [to accept Director Lesperance's suggestion]. Jim Snyder seconded the motion.

Chairman Perazzo suggested there be some discussion on how and when and plan who is going to be present. This goes back to what Hank's talking about. Who is going to accompany Tony? Let's have a game plan.

Director Lesperance said let me briefly explain how it works at IFC. I'll briefly make the presentation, but alongside of me is going to be Mark, or Phil or whoever when we get to that presentation. I'll lay the groundwork. Dr. LaRussa who is going to be sitting right here is going to make the basic presentation. I think we need to go over this in detail and I would suggest that we get to work right now and get these things down in black and white and submit them to the Board. We don't have to have a special meeting for that. We can just submit it and you can send your comments back. If we run into things that are controversial, we can always have a special Board meeting by telephone. Note: Boyd Spratling spoke from the Elko office. Sound was distorted and difficult to distinguish at times.

Boyd said he thought 3 separate proposals would probably be the appropriate way to do this. We don't want to be encumbering or endangering the possibility of getting funding back for the State Veterinarian, an existing position. I also think that we have to hear from the people in the industry. I think it's extremely important, in my mind, that the Board itself makes the presentation to the IFC. I think the face should be the Board. I'll just throw that out for discussion. I'm saying that the Board should face this Interim Finance and in making the request.

Ramona Morrison clarified the motion that was made; to go to the Interim Finance Committee for 3 requests. (1) PARC; (2) Animal Disease Laboratory; \$129,000 (3) \$19,000 for Plant Industry. Jim Snyder seconded.

Boyd Spratling said asking for a new hire to the Interim Finance is a very risky endeavor. Trying to save a position, trying to rectify a deficit in animal protection is more justifiable. If you want to go for all three, that's fine. Going to IFC and asking for a new hire, whether it's part time or not, under the current budget environment.....

Ramona Morrison asked if she could make a recommendation for what it's worth? I think that Assemblyman Goicoechea initiated this process. My recommendation is with the comments and volunteerism that we have put forth in this meeting, that we ask the Director and Assemblyman Goicoechea to recommend to us how they want us to proceed forward in terms of making this case for the Interim Finance Committee and having them coordinate the presentation based upon Assemblyman Goicoechea's recommendation.

Boyd Spratling moved to amend the original motion in that the Board be the face and the presenter at the Interim Finance. Hank Vogler seconded the motion.

Hank Vogler said he also objects to cutting Plant Industry out if there are going to be 3 separate items. We're only talking about \$16,000. Hank said he really thinks that they should be the presenters.

Director Lesperance suggested that whatever your motion is and amended as, why don't I call Assemblyman Goicoechea as quickly as I can, this afternoon or this evening and go over what your recommendations are. If has a different sense, I would suggest that I

would send you all an e-mail tomorrow suggesting what he's thinking is. It's not vastly different, but massage this around to meet his requirements. I would suggest that you allow me the liberty of massaging this around to meet whatever he wants as long as it's not vastly different.

He [Assemblyman Goicoechea] just said, 'Prepare a plan, I don't care how you do it. Come up with a request for \$200,000'.

Boyd Spratling made a motion to amend his amended motion with the provision that if Assemblyman Goicoechea is adverse to that, then I would I think we should back away from this amendment. But I would like to leave it in place currently as my motion.

Director said I would like to basically go back to what was discussed a minute ago from Elko in regards to a new hire. I don't know what to say except if I could find a way to finance this in the meantime, one way or the other, it can always be withdrawn. I would say that if I could find the money to take care of Plant Industry, we don't have to go forward with that. I am reluctant to go forward with the request for I don't think asking for a temporary hire is a good idea at this point in time. I agree with Dr. Spratling, I don't think it's good. I think you're on thin ice.

Chairman Perazzo said and that's what the motion was to do in that order. Boyd made a motion to have the Board or industry be the face of it. I guess I would like to ask has anyone volunteered to be alongside of Mark there? I'd like to ask Dave Stix if you'd like to be involved in this? And Boyd, would you like to be involved in that as far as being there and possibly say a few things from a veterinarian's viewpoint?

Boyd said he thinks it's appropriate.

Dave Stix, Jr. said he thought what Dr. Lesperance said about the way we deliver this message and we don't start boring. So I want to be very careful if somebody puts my name in the hat, put in my calendar to be there. I am more than happy; as we get more people on board to do this, remember, what we need to do when we go down there and ask for. Tony, real quick reiterate that we have a lot of discussion today about the State Veterinarian position and we still have a wavering question out there and I feel it's going to raised and that is there 3 other people that have the term 'veterinarian' on the end of their name? And we need to be very clear, sending the message of why it's important that there be a fourth one. I really think that is important, because if you have 4, you lost 1, you've got 3. Why can't the other 3 work? I think that is really an important question that as a layman they need to know that.

Chairman requested that the motion be restated.

Ramona Morrison said she rescinds her previous motion and will attempt to incorporate Boyd's motion into mine and try to do it all at once.

Ramona Morrison made a motion that we go to the Interim Finance Committee to request \$52,000 for Resource Protection Division; \$129,000 for the Animal Disease position for the veterinarian; \$19,000 for Plant Industry Division and that the Board provide testimony for this; specifically, Boyd, Dave, and Hank and that Director Lesperance work with Pete Goicoechea and if Pete deems otherwise that the two of them make the proper adjustments to the amendment as they see fit.

Boyd Spratling seconded the motion. Motion passed.

Boyd Spratling asked does that include 3 separate proposals; three separate request?

Chairman Perazzo said yes; three separate times and three separate approvals.

Director Lesperance said I believe it was also with the understanding that if I can find the money to take care of Plant Industry, that would be removed. Is that correct?

Chairman Perazzo said correct.

Public comment came from Ron Cerri. He said we're somewhat satisfied with the motion. Just cross our fingers and hope it works. I think Doug made a good point that we all need to listen to and that is we need to start early on this. I'll tell you from our association, we'll start making the calls and stuff that we need to so that we don't do the eleventh hour thing at the legislature.

13. Date of next meeting

14. Adjournment

Dave Stix, Jr. made a motion to adjourn the meeting. Jim Snyder seconded the motion. Motion passed.

