

Name of Organization: Nevada Board of Agriculture  
Date and Time of Meeting: March 8, 2011  
Place of Meeting: Nevada Department of Agriculture  
405 S. 21st Street  
Sparks, NV 89431  
Phone: (775) 353-3601

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Minutes

March 8, 2011

Present Board Members

Alan Perazzo, Chairman  
Paul Anderson  
Dean Baker  
Charlie Frey  
Grady Jones  
Ramona Morrison  
Paul Noe  
Jim Snyder  
Boyd Spratling  
Dave Stix, Jr.

Absent Board Members

Hank Vogler, Unexcused

Staff Members Present:

Jim R. Barbee, Interim Director  
Sandie Foley  
Katie Armstrong  
Dr. Phil LaRussa  
Jay Ludlow

Guests:

Jack Armstrong, ret. NDOA  
Terri Frolli, USDA Forest Service  
Marty Owens USDA - NASS  
Jason King, Water Resources  
Sarah Peterson, BLM  
Meghan Brown, NCA  
Mike Stremmer, Winnemucca  
Nancy Lesperance, Paradise Valley  
Alan Shepherd, BLM  
Sally Mitchell, Sparks  
Doug Busselman, NV Farm Bureau  
Michael Casey, Rancher  
Mark O'Farrell, Organic Council

Wayne Seidel, DMV, Motor Carrier  
Lawrence Waugh, WE,  
Barb Stremmer, Winnemucca  
Zane Marshal, SNWA  
Peter Krueger, NPMA

**1. Call to order by Chairman Alan Perazzo**

- A. Pledge of Allegiance
- B. Chairman Perazzo asked for introductions of Board members, staff and audience.

**2. Board Business**

**A. Approval of the minutes for the December 14 & 15, 2010, January 5, 2011, and January 18, 2011 Board meetings.**

**Ramona Morrison made a motion to approve the minutes as written. Charlie Frey seconded the motion. Question: Motion passed.**

**B. Oath of office for reappointed Board member Grady Jones.**

The Oath of Office was administered to Grady Jones by Sandie Foley.

**D. Presentation by Jason King, P. E., State Engineer, Division of Water Resources regarding the beneficial use of Nevada waters and wild horses.**

Jason King, State Engineer, Division of Water Resources: Thank you for inviting me here today. I hope I don't disappoint you. My presentation is really short. I'll get through it fast and then open it up to any questions you might have.

I don't mean to insult anyone's intelligence, but just briefly by way of background, our office has been around since 1903. Since that time, all matters of use of water have acquired water rights from our office. With the exception of domestic use, unless it's used for one single family dwelling and a few animals, a domestic well does not require a water right from our office. But, every other matter of use does; municipal, commercial, industrial, stock water, wildlife, to name a few. So, we have been issuing permits since 1903, and I don't mean to insult anyone's intelligence; I just want to give you a little bit of background.

In terms of wildlife, the definition of wildlife was put into our water law in 1989 and it's under NRS 533.023 and defined: "includes the watering of wildlife and the establishment and maintenance of wetlands, fisheries and other wildlife habitats".

That's it. That's our definition of wildlife in our statutes. Although that went into statute in 1989, we had already issued a handful of permits for wildlife prior to that. I think our first wildlife permit was issued in 1981, even though that definition of wildlife wasn't put in until 1989. Hopefully, you have a printout in front of you. It's a query of our database. I want to provide a little bit of a disclaimer to this printout. Our database has about 90,000 records in it and over a couple of decades dozens of engineers have populated that database. So, when we go back in and try to cull out wildlife permits, sometime its difficult if you pull a lot of files. All I'm saying is the numbers I'm about to give you are pretty good, but I can't tell you it's the exact number. From that printout that is in front of you, I just wanted to highlight a few things. Since 1981, we've issued about 33 permits for wildlife. So, that's 30 years. It's almost about one a year. Of those 33, 29 were issued to BLM, 2 to the United States Air Force, 1 to the U. S. Forest Service, and 1 to Nevada Department of Wildlife. Out of those 33 water rights that we have issued, 8 of them are outside a herd management area. Of those 8 that are outside a herd management area, only 1 of those was issued on a permit where wild horses were the only wildlife within that wildlife permit.

When I talk about the 33 permits that we've issued for wildlife, there are 33 permits that we issued where wild horses was a portion of the wildlife mentioned in that permit or they were the only wildlife. There are only 6 of those permits we issued for wildlife were for wild horses only. The rest were inclusive of antelope, deer, chuckar, and other types of wildlife. Of the 33 permits that were we issued, 30 are certificated. In other words, they've gone to beneficial use. Water is put to beneficial use for that wildlife and we actually issue a certificate for them.

I use the analogy that's kind of the Holy Grail of the water right process. You file an application, and if you get a favorable review, you get a permit. If you put that water to beneficial use on the permit, you get a certificate. Well, 30 of those 33 rights that we issued for wildlife have gone to certificate. Of those 33 water rights, 6 are for wild horses only. Our current policy is to issue wildlife permits for wild horses only if the place of use is a herd management area. That is our current policy. Having said that, we were talking about this internally, it does raise an interesting question. If a private citizen came forward to us and said they would like a water right so that they can water wild horses in and around their house or whatever. What would we do? And in looking through the law, there is nothing that prevents us, I don't believe, from not issuing that permit. It's an issue and I understand it.

My presentation is short and I was going to conclude by saying I've worked for Water Resources for about 20 years. I've looked at thousands of permits. I'm very familiar with office policies over the two decades. I'm very familiar with the water law. I'm very familiar with all the history and the law changes that went into dealing with stock water, and the issue of stock water rights to federal agencies. But, never has it come to our attention, that I'm aware of, that this same kind of scrutiny in looking at issuing water rights for wildlife or wild horses. And when this issue came up, frankly, within the last year, it blindsided a lot of us. We didn't realize this was an issue. Right or wrong, it was never really on our radar screen as being a problem. So, that's really my presentation.

Just wanted to give you some numbers and give you a feel for, again, it cannot rise to the same level as stock watering and some of the other issues in our office and when this came up, we were frankly kind of back pedaling on it.

Charlie Frey: Are wild horses considered by you and your Department under the definition of wildlife? Wild horses? Is it your Department's interpretation that wild horses are under the wildlife?

Jason King: The short answer is yes, they are included. But I know, based on 20 years, we've never looked at it that hard. We see an application filed for some deer, some antelope, wild horses, and we look at you know we have wildlife and that was enough for us to say okay this qualifies and we would issue a permit. That was the extent we went to.

Charlie Frey: There is another question kind of underlying in this. If you were to take a look at your sheet, I think on Page 1, there are 75 at Clan Alpine and there's another 1,200 horses listed on the second page under Clan Alpine. And if you just focus your attention to that, does that mean, there are 1,275 horses at Clan Alpine that are allowed to be watered or is it just 200 and they move from one watering hole to another?

Jason King: That's an excellent question and without pulling the files, I can't answer that with certainty, but I would tell you that it would be my guess that is was for 200 wild horses that were moving from watering spot to watering spot.

Boyd Spratling: If you had issued a permit for and certificated a water right for 200 horses, what if that HMA has 1,200 horses in direct excess of what the water is certificated for? What happens from your .....?

Jason King: That is an excellent question. Like any other water right, if there is an illegal use of the water right, in other words, 1,200 horses when we only have a permit for 200 and we found out about it, via of a complaint or we actually saw it, we would begin to investigate it and we could begin a permit violation.

Ramona Morrison: How does your office treat a circumstance in which a certificate was issued for horses and then somebody comes in and says we have a vested water right under that? How would you handle that set of circumstances?

Jason King: We would want to see the vested claim. We would want to see the strength of that vested claim. Is it a good vested claim? And if so, then I think that would be compelling enough for us to maybe take some action against the permitted right. It comes down to the strength of that claim. If the claim isn't that strong, then we might say, you know what this is going to have to wait for adjudication, which probably many of you have heard comes out of our office and they take a long time. We don't have the manpower. So, it puts that applicant in a tough position if the vested claim isn't very strong.

Ramona Morrison: What about guzzlers? Is there an opportunity to look at the guzzlers?

Jason King: That's a hard one. Guzzlers are becoming a huge issue all across the western United States. There is actually an AG's opinion being requested right now and I want to say it's by NDOW, to see whether or not a water right has to be granted for a guzzler. And that AG's opinion isn't out yet. So, we don't know about the guzzlers. They get put up. There is not a water right associated with it. It's not out there for anyone to protest.

Dave Stix, Jr.: There were two opinions asked for Jason. [1] does the State Engineer have authority? [2] does Nevada recognize the legality of capturing rainwater? This was very favorable to the industry as far as I'm concerned. Ramona and I have had this discussion and that's been my fear all along. We push this issue too hard then the industry is going to have to go out and go through all the red tape to do this. And it looks like the Attorney General upheld that rainwater is not recognized by the State Engineer. I just wanted to point that out, that this is a very favorable decision. In Ramona's conclusion today, I was glad to hear that the issue really a placement and with that in mind, if the industry with the Nevada Cattlemen's Association who's been working closely with NDOW to try to take care of that. There is no notification and they do run out. We cannot fight this guzzler thing. I've been to the NDU banquets and people pay big money to have their name put on the side of them out in the middle of the desert. They auction them off so you're name can be on the side of them to help pay for them. So, as far as Wildlife, this is their baby. They believe in them. If we're going to get into a fight with the Wildlife Industry, then the Cattlemen don't have any allies at all at this point.

Ramona Morrison: Dave, to clarify my position: In all of this I don't think the industry has ever said, and especially this Board before you were on this Board, that there is a problem with wildlife per se. In our case, specifically, we had elk brought in on top us without the opportunity to protest. And so now we've got a serious ...and it led to a 20-year court case which we are going to be compensated very significantly. So, there is an issue with Wildlife when it comes to that, but in the general scheme of things, the industry I don't have a problem with wildlife. What is a problem is the lack of notice. And that violates due process. And, the guzzlers are being, as you just said, installed without notice to anybody including the State Engineer. And that's where the legal question comes in. Sometimes guzzlers would be in place obviously in a place of no impact to anybody who would make the livestock operator in that area care. They may encourage it. But, when there is no notice, there is no opportunity to deal with the problem before it is ever installed, before the donator spends several thousand dollars trying to get it installed. And that's the problem.

Mike Stremmler: I representing the NDOW committee for the wild horses and I'm the one who brought this whole nightmare up a year ago. I found out my neighbor was getting filed on by the BLM horses on the Clan Alpine allotment. I guess the big concern I have as a rancher and as a wild life advocate is that horses are not defined as

wild animals. We have a BLM guy here today that's in charge of wild horses. If you ask the BLM guy that's in charge of wildlife to come, you won't get him. You'll get a different guy, because in the BLM's mind, there are two separate things. In the Act of Congress, the Wild Horses and Burro Act, it says, "all management activity shall be at the minimal feasible level and shall be carried out in consultation with the wildlife agency of the State wherein such lands are located in order to protect the natural ecological balance of all wildlife species which inhabit such lands". Wild horses have never been wildlife.

I did some calling around. The Audubon Society said they are absolutely not wildlife. The Society for Wildlife which is made up of 8,000 wildlife experts in the United States was founded in 1937 says they have never been wildlife and never will be wildlife. The National Academy of Science say they are not wildlife, they are domestic horses. What we're passing up is the definition of wildlife. Shouldn't the State agency according to the Wild Horse & Burro Act have been consulted?

Meghan Brown: As far as looking at the definition of wildlife, we've had a conversation with Jason in his office as well to try to figure out to be as specific as possible with regards to wild horses and water rights. The discussion on amending the water...the definition of wild life in [NRS] 533 is an effective way to do that, but we're concerned as an industry to opening any water law. And [NRS] 533 has a lot of stuff in there that I don't know if we all necessarily want to start sticking our fingers in. So, NCA has been working with the State Water Engineer's office and LCB to try to find an avenue that we're not opening ourselves up to further threats to water law, because I think we can all say that we are proud of our water law and we want to keep it that way. So, I think we've found something that will work down the road that will define it enough to not have the grey area that we currently have. And so we even talked about changing the definition of wildlife in NDOW's regs, but they don't switch over so there's point in really..... If we need to go there, we need to go there and we can do that and work with NDOW, but to change the definition of wildlife in NDOW's regs and try to bring them over to the water law is not something that's a strong enough ground for Jason to stand on.

**E. Presentation of Steve Marty, Organic and Seed Program Manager, Nevada Department of Agriculture regarding certification process.**

Steve Marty, Plant Industry: I was asked to give a presentation about the certification process. I didn't get much clarification on that other than the language on the agenda. So, first in the interest of time, we can decide if we want to go through a few slides that explain generally what standards we're using; what is the process and the program overview or in lieu of that, we can address the specific programmatic questions if the Board would rather do that.

Paul Anderson: I'd ask if you could kind of go back and talk to those of us that are non-experts in it. If you could start out at that level, I think that would be great.

Steve Marty: We'll go through the slides and then if you have the time, we can kind of bounce some questions off and go that route. We'll start with the USDA's definition of what is organic. USDA defines organic production as an ecological production management system that promotes and enhances bio-diversity, biological cycles and soil biological activity. It is based on minimal use of off-farm inputs and on management practices that restore, maintain and enhance ecological harmony. It's tough to imagine what that looks like as far as a farm playing out. We can discuss that a little more, but the more the nuts and bolts definition is that organic production is not to use:

- synthetic pesticides or fertilizers
- "excluded methods" which basically blows down a GMO or a genetic modified organisms – not allowed in organic production
- ionizing radiation which is a method of sterilization for processed foods
- sewage sludge in organic production
- "prohibitive materials" - the last one is a bit of a sticky point and it is slightly complicated in organic production and that is choosing input materials that are suitable to meet the regulatory standards.

We can go into that in more depth if you should choose. You can basically think of synthetic products as not allowed with a few exceptions that include those listed in the standards. You can think of non-synthetic products as allowed with a few exceptions that are clearly spelled out in the standards. We can go further into the material selection if you would like. That's kind of a more nuts and bolts definition. Synthetic pesticides and fertilizers are not allowed during production, not allowed for 36 months prior to organic production.

The background on this is in 1990, Organic Foods Production Act was created. This served as a foundation for state programs to develop their own organic regs for about the next decade. NDA passed or Nevada an organic standard in 1997. There were some issues with compatibility amongst the standards and amongst the states which led to a push for a federal standard based again on that foundation of the 1990 Organic Foods Production Act. That resulted in the USDA National Organic Program which was implemented in the year 2002. For the sake of consistency, again, across states, etc., all states have now adopted or did at the time adopt these USDA Federal Standards as their own state's standards as did Nevada by reference.

Again, why just uniform, basically a level playing field and interchangeability in the states, basically is why they had to drive towards USDA's National Organic Program and one federal standard rather than patchwork state's standards. So this standard is administered by USDA through accredited certification agents which our program is one and basically, we are responsible for carrying out provisions of organic certification. USDA audits our program to ensure that we are basically offering that certification according to the standards and their liking essentially. It provides that third party confirmation of organic integrity and again, we have standardized requirements and labeling that leads to consumer assurance of what they are getting when someone is

trying to purchase an organic product. Again, we have a level playing field for producers and we have everybody held to the same standard by USDA.

Who's affected? Basically, anybody that wants to make an organic claim. Do you want to sell hay, any agricultural product that you name it as organic, you have to be certified or you have to play by the rules essentially of the National Organic Program. They sort of have the rights if you will to that word, organic. If you make that claim, you're subject to the regulations.

Again, same thing, any agricultural product – these are the three categories of certification:

- 100% organic
- organic – at least 95%
- made with (organic ingredients)

Mostly apply to processed products, generally raw agricultural commodities are considered 100% category and then we have processed products in those other two depending on the processing aids and/or other ingredients.

What does it really mean? It's a verification of adherence to a set of production practices, not a measure of purity. So, with what's called an organic system plan, basically, we have A to Z on how a processing operation or a farm is operating from inputs to finished product. We know everything that is going on at that farm and we verify that with at least one inspection each year. So, we are basically verifying that they are adhering to the production practices that they've listed. The inputs that they have listed that they'll use in their system; We're not testing routinely final product on it's way out. So, there're other standards like nutri-clean certification, these sorts of things that are measuring or testing for detectable residue of certain materials that consumers don't want on their produce. This is not the same kind of process and it's rather verification of adherence to these practices and materials used. We do test final product on occasion if there is suspicion, if there is pesticide drift. There are a number of issues, but not routinely. There is a difference between a process based certification and sort of a measure of purity.

Where to obtain: There are both state and private entities that are able to acquire accreditation with USDA. This was an issue with the budget hearings, etc. coming up in that legislature doesn't like to see public sector competing with private, etc. So, we've had some issues there, but there is the same certification available from a private and/or a public sector entity.

Basic steps if you are a producer, you have to:

- select a certifier – say you want to use NDOA, we mail you out an application and a whole packet which we'll have a link to at the end of this presentation. It's the producer's responsibility to get the basic familiarity

with the organic standards. We're certainly a good resource to help in that process, because these standards like a lot of regulations and federal regs are fairly complicated. They then complete the application which gets to be also known as an Organic System Plan, again the A – Z on this operation. How it's going to function, what's going to go in, every farming practice, etc., is on that plan. We review that plan for compliance or adherence to the National Program regs – the USDA regs. If the actual plan submitted appears to be compliant, we go ahead and do the initial inspection. We are trying to verify that the farm or processing operation is in fact operating according to this plan that was submitted. If that appears to be the case or if the inspector notes that there is consistency between those two, we grant certification. And, at that point that operation can market those products as organic.

In order to maintain that certification, they have to annually submit an update to this plan. They have to pay the relevant fees and undergo one site inspection as the minimum each year. We try to get above that, but we do have to visit by statute once a year and any updates or changes to that plan have to be submitted to a certifier prior to their implementation. So, really organic certification revolves around this organic system plan which is a living, breathing document that hopefully gives anybody, even an auditor that comes in from USDA or elsewhere a good solid idea about what is going on at this farm, what's going on at this processing operation from A- Z. From inputs in to organic products out.

Rather than give you a handouts, or anything like that, I would direct you to a recently revamped site for the National Organic Program. It's on the bottom there. They've also just revamped and put out a new handbook which is pretty helpful. They were criticized for awhile for sort of lack of input.

One note, just budget wise, with this program and the other few that I am responsible for here; we're going to a fee based sort of structure. So, salaries will now be covered hopefully by fees and that hasn't been the case in the past. The position salary was covered by general fund money and program costs were covered by the fees incurred. Not by choice, we sort of been thrown in this fee scenario which is perhaps feasible, and I can maybe ask for your help on this, we kind of had opposition to raising fees with the last administration and also with this executive administration and we have industries in seed certification, especially in organic certification, that are willing and able to take fees increases because they value the services, they value the program, they want it to stick around. They're willing to pay more, but we have administrations that aren't allowing us to put those fees increases through. These industries are willing to take these fee increases, so any support we can have from you with legislative branch, executive branch, etc., would be appreciated because it would certainly help me make those programs more sustainable.

## **G. Nevada Farm Bureau and Nevada Board of Agriculture discussion and possible action regarding Virginia Range Estrays.**

Doug Bussleman, Executive Vice President of the Nevada Farm Bureau: By way of background, Nevada Farm Bureau policy states that we should work with the Board of Agriculture to remove feral animals, mainly horses, under the responsibility of the Department of Agriculture. That's what our policy directs. Our policy as an organization says that we don't believe that feral or stray horses, primarily the Virginia Range horses, should belong under the purview of the Department of Agriculture. That is what our policy says.

Earlier, this legislative session, we were presented with a bill draft that was still in the formative stages and it was working actually at trying to recreate some of the definitions in both the stray and feral areas for feral and stray livestock. Also, it sought to include the ability to feed stray livestock or feral livestock. We were looking at that particular legislative proposal, although it wasn't ours as an opportunity to try to bring about the changes that we were hoping to bring about in getting the Department of Agriculture out of the management responsibilities of those Virginia Range horses. We met with the Chairman of the Assembly Natural Resources Committee who we had believed was the person who was responsible for bringing forward the bill draft and we found out that in fact it was a bill draft that was being developed. However, as we presented our case, that (a) there needed to be work done on the bill because of some of our impressions that the misinterpretation, some of the stated goals for defining what is a feral or an stray livestock. And also, when we presented her with our proposition that we should actually go about amend the legislation, create a geographic definition in the law exclusively for those horses in the Virginia foothills and then take those horses out of the responsibilities of the Department of Agriculture. That was our strategy.

When we presented that [strategy] to her, as the discussions continued, she basically decided that she was going to kill the bill before it ever became a bill. And so we lost our opportunity to take advantage of that. We've continue work in conversation with the horse advocates from that particular area. We were successful in at least getting them to agree that the definition should be changed so that we're exclusively dealing with those horses under their own definition as opposed to feral or stray. But when they came back with their proposal for how they felt the program should be operated, we then didn't go along with that because their cure was worse than the sickness we already have from our perspective. So, we are kind of at loggerheads right now with nothing going forward. It's still our policy and it is still our belief that if you want nothing done with horses, you don't need to have a state agency assigned the responsibility of doing nothing. And so, we are working on trying to get that accomplished somehow, some way.

Ramona Morrison: I have a question, you know insurance companies don't like...I think the seatbelt laws were politically driven by insurance companies because it reduced liability clearly. I would think that the auto insurance companies would have a little

problem with the number of horses that we have on Highway 50 and other big highways here in Nevada.

Doug Busselman: I don't know that they would have any more problem with that than they do with open range throughout the rest of the state.

Ramona Morrison: My question, with regard to the insurance companies, but also to the Department of Transportation, we have Highway 6 and Highway 95 completely fenced. And there are places along that road that you can't find two cows within one year, and it's out in the middle of nowhere Nevada. Those areas are completely fenced and we can't manage to fence Highway 50? Over there by Dayton and that area?

Doug Bussleman: I don't know that from our point of view that fencing is necessarily part of the issue with the whole matter. Actually, we're not even taking, right now, we're not even taking a point of view that it's a resource issue. From our perspective, the biggest challenge with things as they are currently operating, is you have a group of livestock that are defined as feral or estray livestock in one part of the state that is getting treatment different than feral or estray livestock anywhere else in the state. And from our perspective, as long as the Department is responsible for the feral or estray livestock in the Virginia Foothill area, and you do nothing, you then are also jeopardizing your authority for feral and estray livestock everywhere else in the state. So, that was our argument to the Chairman of the committee was that it's okay if you want to get excited about the horses and the damage they are doing to the resources. Most of the resource damage is being done on private lands, other people's private lands, but nevertheless if you're going to get into that particular line of reasoning and it's a resource issue, we've been going down that rabbit trail for a number of years. We've gotten nowhere. So, from my standpoint, I think we have to focus on the fact that the Department is either responsible for the management of estray and feral livestock and done so across the state, well, you're not. And, from our observation you don't seem to be and so because you don't seem to be here, if we don't do something about it, then you shouldn't be able to do that anywhere else.

Ramona Morrison: I agree with you Doug. I'm not arguing that point. I'm just saying that there is maybe a larger point that might be relevant to some of these legislators and that is having people die running into our horses. We've had our hands tied. If we sell horses, we wind up in the newspapers and it's just an accident waiting for a place to happen.

Boyd Spratling: My comment perhaps is just a little bit of a combination of Doug's and Ramona's. You talked about by not ...the difference, the disparity in treatment of feral and estray animals in different parts of the state. By not taking care of those horses and treating them the same would essentially, the Department is in violation of its own policies and standards. Doesn't that not also increase your liability? Because they are not being handled as per regulation and statute in regards to being feral and estray?

Doug Busselman: I'm not an attorney and I don't pretend to be one, or want to be one, so I can't say the answer to that.

Ramona Morrison: Boyd, in answer to your question, when you look at the VRE statute, we have no liability; we are specially excluded from liability.

Interim Director Barbee: My thought process is at some point the Board may consider putting together a subcommittee of some sort to start evaluating what you would want in the future. We're two years off so I'm not sure you would want to do that immediately, but that may be a thought process for a later meeting to identify who you would want to put into a subcommittee of some sort to start researching options before going to that next session.

**Boyd Spratling: I would have to maybe try and refocus on what our goal is here. And I really honestly believe that our goal should be to get out from underneath these horses. As Doug mentioned, if we're not going to manage, if we're not going to be allowed to manage, or even the money to manage, I think he hit the point exactly, and if that is the case, why should the Department of Agriculture be assigned a duty to maintain and manage these herds? If we are stopped at every juncture? So, I think our goal should be finding some avenues to release the Department of Agriculture of the responsibility from these horses period.**

**Dave Stix, Jr.: Is that a motion?**

**Boyd Spratling: That's my goal – I would move if that is the case; if that would help.**

**Charlie Frey: Seconded.**

**Chairman Perazzo asked Boyd to restate the motion.**

**Boyd Spratling: I think we should try to remove the Department of Agriculture's responsibility for the management of that horse population on the Virginia Range. That should be the goal that we're striving for.**

**Ramona Morrison: I will amend that motion and it can die for lack of a second if nobody's in favor of it, but I think we ought to also take it one step further Boyd and assign those horses, that we technically own, to the private land owners in question.**

**Boyd Spratling: I would second that amendment.**

**Ramona withdrew her motion.**

Grady Jones: I'm still not quite sure on the specifics of the motion. I kind of like the idea of the Director. You can hear some of the uncertainty here about specifically how to go

about doing this. I think we are all in agreement, we want to get out from underneath the responsibility of the horses, but specifically what to do. Maybe, a committee or a subcommittee rather wouldn't be such a bad idea to bring something like that back. So we can have some specific directions.

Boyd Spratling: My motion, my intent is to say our goal is to relieve the Department of the responsibility of these horses. Now that opens up the committee situation that the Director has recommended that will assist us on of how we might go down that road or the options for that. And I think that between now and the next legislative session that would be the appropriate and the proper language for that. My motion is to say as a Board, we're saying we want move forward relieving the Department of the responsibility of the horses.

Interim Director Barbee: My interpretation on that would be then, I need to go look at multiple options to get us there. So that motion will leave the options open and I would have the ability then to put together a group, this is my interpretation, clarify rather whether that is correct, that I could put together a group to research our options in between now and next legislative session. And hopefully build an advocacy group to support that effect.

Boyd Spratling: That is exactly the direction I'm going. Thank you Jim.

**Question was asked. The motion was passed.**

#### **H. Update on the PUC's Interruptible Irrigation Peak Penalty charge.**

Doug Busselman: The update on the Public Utilities Commission; interruptible irrigation peak penalty charge. First of all I would like to thank the Board of Agriculture and the Department of Agriculture for the letter that was supplied and submitted to the Public Utilities Commission urging that there not be a peak penalty charge assessed during the 2011 irrigation season.

So far in that process, we've had two hearings. There was a hearing on February 2nd and another hearing on February 16th. The February 16<sup>th</sup> hearing actually turned into hearing where we presented the case on not having a peak penalty rate charged for irrigation for 2011. Along with the Department of Agriculture and the Board of Agriculture, the Nevada Association of Counties also supplied a letter of support to not have that go forward in that manner. We've as participants in the process, there was a stipulation that was developed that we all agreed as the parties to not have a penalty rate charged for the 2011 irrigation season. That is now pending action by the Public Utilities Commission which should be probably be done by the end of this month. It's still not certain as to how it's going go forward for 2011, but all of the directions seem to be headed in the right way as far as there not being a peak penalty rate for that period.

We do have a workshop scheduled for next Wednesday, the 16<sup>th</sup> where we will be taking on some of the technical issues involving interruptible irrigation rates and some of

the details of how that program operates in a practical sense. We've been encouraging our members and others who use interruptible irrigation power to plan on attending and participating in that workshop. Long term, if we're going to take that particular nuance of the regulation out entirely, we need to be working from our point of view in a proponent sort of way to seek a docket where that would be reversed from the regulations as they currently are. That's being contemplated and worked on now. Thank you again for the support that this Board and the Department gave to us in pursuing that approach. We think it's very economically helpful to have that kind of support from you.

## **I. Review and possible action of the Department's Goals and Objectives.**

Chairman Perazzo: It was brought up at the last meeting as far as Goals and Objectives of the Board and the Department that we have not gone over these it seems like for several years. In fact the date that we have is 2008 on those. Has everybody had an opportunity to read through those goals and objectives? I guess it's not our intent to try to go through these one at a time and revise or condense or update or anything else at this meeting, but .....any thoughts or comments on them?

Dave Stix, Jr.: One thing that is really important when we're putting together goals and objectives, that these are things that are going to be carried out by our staff to meet these goals and objectives. I think what would be very important is for the Director, he has not had time to sit down and go through them and we give him an opportunity to look them over and bring them back. We can't make goals and objectives that our staff cannot meet. This is so important that we work together with our Director to establish these because he may come up and say, this one needs a little bit of tweaking. Maybe what our interpretation of what that goal is can't be met with the way you're reading it. Because some of these things I think we need a little bit more interpretation of what is our ultimate goal at the end.

Interim Director Barbee: Just to make a comment on some of the big picture things revolving around this, we've got three items on the agenda. The agenda learning the goals and objectives followed by the duties and responsibilities of the Director and then the duties and responsibilities of the Board. To be honest, I see those 3 things as one thing. They should be connected and interact with each other. I do have a meeting scheduled on the 15<sup>th</sup> with our administrative division leaders to go over the goals and objectives, see where we've been, where we are, where we're headed to take a comprehensive look all the way through and have their input and give them an opportunity to have their staff have involvement in that, but I also as we move forward on [agenda items] J & K, with some example document that I would like to present to you, it ties back to the goals and the missions. It is a mission based board governance system that other boards have utilized and it just one example.

I think we have other examples of ways that we can do this, but I think all of those things need to be interconnected with the goals, the objectives, and the mission. If the agency isn't meeting the goals and objectives and the mission, that should be part of

the evaluation process for the Director. Those things would interconnect with each other. I've got a meeting set up to review that next week with the staff to go over the goals and objectives, but I think as....I'm not giving you a good answer on how to move forward on this specific agenda item, but I would like to look at connecting them almost as a 3 and maybe we can do some kind of subcommittee of the Board where the agency, you know, once you guys look at this, and decide what you want to do, this being the governance model, then we could have Board representatives and some division administrators sit down outside this meeting, fine tune what these goals and objectives are after the staff has an opportunity to look at them and then bring that back to you at the next meeting for proposed adjustments, update, whatever you want to call it and to make new current, which may be very similar, may not be much change, just depending on where we're at.

Grady Jones: I agree with Dave and everything Jim said. One of the reasons I wanted to add the responsibilities of the Board to this thing was just because of some of the chaos we've seen this last year. What happens when we start talking about goals and objectives and like you said, these are 2008. I'm not saying that we haven't made any progress since 2008 towards some of these, because I haven't been here that whole time, but I know all these are still problems. So we certainly didn't resolve them and a lot of that happens when people don't know their lame and can't say they are lame.

We heard in the last 2 meetings, both in the regular meeting in December and the special meeting, Department employees stand up and I'm not sure they use the word "bumbling" to describe the Board, but there were a few synonyms for it. [There's] some definite dissatisfaction. And I'm not sure it's all warranted, but it certainly is something we need to look at, whether or not we're hindering their ability to do their jobs, whether or not we're enabling them in any way. Because obviously, that is what we are supposed to be doing, supporting them and giving some clear direction for the overall Department.

The other problem is I think some of the Department employees don't understand the role of the Board. That's why there was communication outside of the Director and the proper channels to direct Board members which complicated the issue. They have the same recourse that every other public entity does and the private sector does and that's called human resources; personnel. Maybe, it's not as quick as they might want it to be, but there is a reason for that, because they are protected from bad management, and management is also protected from bad employees. So, there is a process they have to follow. We, as Board members, we really need to support them when they call us directly, but we also need to point them back in the right direction, so we're not undermining the Director and administrators here in the Department. If we can do all of that, then we have the opportunity to maybe achieve some of these goals. Because, otherwise, what we're going to be doing is exactly what we did last time. I've only been here one year, but every meeting was reactionary. There was nothing that was proactive. We just dealt with whatever was coming up and in front of us. So, nothing will move forward. I think that's the big thing right there is that we're all on the same page, and I think what Jim is talking about, with us sitting down with the administrators

and discussing this and what Dave is talking about. Getting their input, because that is specifically one of the things an employee asked for. They said, “why don’t you come to us?” I think that’s one thing we need to look at.

In addition to going back and looking at some of these things, it’s not just giving input on whether they can do it, but defining them a little more clearly when we talk about promoting agriculture. Specifically, what does that mean? It’s not going happen unless it’s on the agenda. We only meet 4 times a year. So unless, we’re going to put it on the agenda, something specific and proactive, to actually go out and do, then it’s just words we’re putting on paper and in 2013, we’ll be looking at the same goals and objectives.

Interim Director Barbee: Just to follow up on that, and to use a specific example, as we move forward on the agenda and look at this governance model, where you would say, how are we marketing agriculture, how can we identify we’re marketing agriculture, that’s a specific objective. In that governance model, it would define in there a given time within the particular year with the Director would come back and report a minimal level of activity. You set what that minimal level of activity is regarding promotion of agriculture within the public. And so that draws your evaluation process of the agency of the Director directly to what your goals and objectives are which ultimately keeps things moving forward. When we get to that topic I can share more.

Paul Anderson: I imagine a lot of us this is the first time that we’ve seen the goals and objectives. There are a lot of good things in here, but it wasn’t being utilized. I think what we’ve got to do is make sure that we’re applying this using it on a regular basis for staff, for the Director, for the Board. The Board spent some time putting this together in the past and it was not brought up to remind us and review it and move forward.

Chairman Perazzo: Well, I will tell you the way it was done in the past. We did have a subcommittee, the Director’s suggesting, and then that was brought to the Board and then the Board went through and hashed through and refined it even further as far as that goes. We used to do that on a yearly basis. Every December, we would go through our goals and objectives. We haven’t done that for since 2008. We haven’t done that for awhile. So, I guess, where do we go from here? Do we want to form a committee? Is that the pleasure of the Board?

Dave Stix, Jr.: I’ll just add this one item on the committee. Some times you can get too many committees. I suggest we be very careful with this one. The last item we talked about, very important on the horse thing. But, this is really a close relationship between the Director and the Board members, this item. This is their baby and you know I’m not against a committee, but I perceive this as something that the Director works with his staff, brings it back to us for a full discussion with the entire Board. We add or subtract items we see in here. I think today some of these things fit into the next item if I’m not correct, Jim’s job description. There are some items in here that should be minutiae in nature. We should expect them every day. And one of them is to communicate with other agencies. That shouldn’t be a goal and an objective. There are some things in

here that fall together with each other. I want to know a lot of things the Board's done, but what's our plan? Promote Nevada's agriculture interests in the utilization of land and water resources. I want to know what does that mean? What does that mean? To me it falls under category # 1 for one thing – to promote agriculture and that is, I think Charlie when you talked about in the last meeting, is the educational efforts. That's a really cool roll for this and I think we've done a good job. I think the State Fair was a good example. Ed Foster talked about our work at the State Fair here in Reno. I think that's the kind of stuff that – on this one it's a bit more personable, the Board and the Director. The way we're heading and the things I perceive this Board going in the future, we could have a jillion committees.

Dave Stix, Jr.: Mr. Chairman this comment is directed to you. I am going to go back to the procedure of setting up goals and objectives. Alan, you used an example of the Brands Committee. I want to remind you that committee was formed by the former Director and nobody on this Board sat on that. You and I joined it on our own if you remember. Cause I remember it was very specific and the two livestock organizations were put on it including Blaine. I just wanted to point out that they are different. They are different from what we're trying to do here. If we're going out and gathering information from a specific industry and we're changing a rule that affects them, by all means. I don't know if Grady and Charlie and Paul, the two Pauls, they may be interested. But I respect the fact that if there is an issue with petroleum that that could be a committee made up of petroleum folks. I don't have a problem with that. But, eventually at the end of the day we're going to get a report from Paul and everybody is happy, then I think the rest of the Board.

**This is a little different setting up goals. And I think that taking two or three Board members out to do this, we're wasting time because ultimately it's the entire Board's input. And if the Director can start out with his staff because I think some of those people have some good goals that we should latch on to. But you said it earlier we need to work from both ends, Mr. Chairman. Our goals that we have in our minds that we want to achieve and the staff and Mr. Barbee's and we come together as a Board and discuss where they are going to be and have staff prioritize them and tell us how they are going to carry them out. That would be the cleanest I think.**

**Chairman Perazzo: Is that a motion?**

**Dave Stix, Jr.: Absolutely**

**Dean Baker: Second**

Interim Director Barbee: I want a clarification just so I understand what your motion is. You would me work with staff to update, review and develop new goals and objectives and review and make a proposal on the mission based board policy idea. Or do you want to do those separate?

Dave Stix, Jr.: They can be done at the same time.

Interim Director Barbee: But the Director will manage that and bring it to the Board?

Grady Jones: Are you talking about new goals altogether or starting with the 2008 goals?

Dave Stix, Jr.: Well, don't reinvent the wheel. Utilize what's already done. Staff may add to them. Staff may recommend some of them have been achieved or we need to tweek them and then at the same time when we come back and meet, the Board will all get a chance to add their own goals.

**Question called for: Motion passed.**

Break for lunch.

Chairman called the meeting to order at 12:56 pm.

Interim Director Barbee: I would like to draw your attention to what we talked about, we'll go back and have division administrators go through the goals and objectives, review them, update them, make suggestions, note what the changes are and bring that back to the Board. At the same time regarding [agenda items] J & K, we will use the model developed by the National FFA organization for a mission based policy to put together a representation that could work for the Board as a starting point for you folks to review and look at that. Then I would also like to draw attention to the document that Grady handed out earlier which identifies the roles and responsibilities of the Director and that was some information that he and Katie had put together and that I had run into on our server system. That identifies the Director as well as....Grady, does yours have the duties of the....yes, the Deputy Director in there too?

Grady Jones: Yes, everything on both.

Interim Director Barbee: So, some of that, we'll utilize that as well in the document as we're preparing it and putting it together on the mission based policy. Then we'll reflect those duties under the Deputy Director that is a position we no longer have. If the Director is not responsible for them, where that responsibility lies. I think as of, if I remember correctly, you guys this is what was in place 2008. So, just clarifying that is where you want me to head with that? Okay.

#### **F. Quarterly report from the Nevada Organic Advisory Council.**

Mark O'Farrell, Organic Council: I would like to congratulate the Board and Mr. Barbee on the new Director. As a former ag [agriculture] educator and FFA advisor, I was pleased and proud to hear that one of our ranks assumed this position after so much dedication to the agricultural education and youth in the state of Nevada.

I don't have a whole lot to report on the Organic Ag Council. I was just recently asked to serve as the Chair of that committee. I'm still trying to figure out exactly what's going on with that committee. But, I had a couple of points to make and I'd thought I'd just pass out..... one of the missions of the Board is education for both the organic industry for grower's information on the organics program. I guess Steve Marty was here this morning and covered a lot of that. But, I just thought I hand out....there was a request to do an educational program down south. They haven't had much education on specifics of certification and producing organically. So, this is something that's been in the works for a couple of years and when it was brought up at our last quarterly meeting, we appointed sort of an education subcommittee to check it out. And what happened was the NRCS, the USDA, the NRCS or the rural development and farm services agency sort of jumped on the bandwagon. I think they have a real push to serve what they consider non-traditional audiences and they immediately offered to sponsor the conference workshop on organic production. Basically, they put up the funds and offered some technical assistance. I thought I'd just let you know. I passed that out so you can see the program is for April 4 & 5<sup>th</sup>.

One of the things that I want to let the Board know is one of the things that we're trying to do as a council is go back to what our mission as laid out in the Nevada Revised Statute is and that is primarily to provide education and serve as an advisory council to the Director and to other growers within the state who are interested in organics. One of the things that I feel that we should be doing is responding at the national level. The National Organics Program that is administered by the USDA puts out requests for comments from the community at large and from growers. I think and other members of the advisory council feel that we need to do a better job at that specific task rather than a general advocacy or getting involved in issues of the day and you know rendering any kind of opinions for what they're worth. I feel like we need to get back to responding to the direct requests for comments from the National Organic Program because basically that is what they are doing is using advisory committees and growers throughout the whole country in other states to develop the guidelines that they put into the National Organic Program rules. So, that is one of the things that we work with Steve on is just kind of staying up to date on what they request in the way of advisory comments at the national level and then responding in a timely fashion.

The other thing that I think specifically pertains to the work here of the Board, we have a vacancy on the advisory council. In the past it's been interpreted – referring to the Nevada Revised Statute – 4 members who are producers or handlers of organic agriculture products, we have that covered. One member who is a wholesale or retail seller of organic products is the other category and then it specifically states that one member who represents an agricultural interest other than organic agricultural products. That apparently has been interpreted in the past by the council as someone who's a conventional producer. Which is good to have input from a conventional producer, but I think that lends itself to a much wider interpretation. An agricultural interest other than organic agricultural products I don't think it specifies that it needs to be a conventional producer and it could be, it seems to me, anybody from a member of this Board to a member of Farm Bureau, or a commodity group, or anybody basically that's outside of

or other than organic agricultural producer. So, I thought I would just throw that out there for the Board's consideration. I certainly don't expect an answer right away, but we're open to that. What we want do is have the Council serve the function that it was intended to and so since we have this opening now, it seems like it would be an appropriate time to throw this out for your consideration and because really the Board has to appoint whoever it is anyway. We would like to have some diversity on the Board. If you have any suggestions or as a Board to recommend somebody to serve on the council just to kind of balance things out, we would be happy to get that kind of recommendation.

#### **M. Discussion and possible action by the Board regarding the recruitment process for the position of Director of the Nevada Department of Agriculture.**

Chairman Perazzo: You're receiving an advertisement for State Director. I don't know that we want to go into a lot of depth here, but eventually we'll have to. I guess I would like to say I think we agreed when we put Jim Barbee in as the Acting Director that we didn't want to be too hasty in putting out the applications until after the legislative session. I think Jim's plate is full of stuff and so do we. I don't mind discussion on this, but as far as moving forward right away....I guess I would just like to hear your feelings or comments.

Dave Stix, Jr.: Mr. Chairman, I just want to very briefly a little history what I envisioned and what happened and the many things that have changed since then. When the idea of Interim Director came up in the past meetings, my vision was somebody that there wouldn't be a recruitment process, but somebody on a short term basis that could jump in with legislature around the corner. And it snowballed a little bit which is great. That's fine. But it did turn into a semi-recruitment. There was an advertisement made and what have you. We had numerous applications and we picked somebody. Not knowing this individual, working with him in the past, very few us, it's been my opinion with listening to the industry and watching Mr. Barbee conduct himself in the last few months, has exceeded my expectations with somebody I haven't worked with. Just looking on paper and listening to his presentation when we had the oral interview.

You mentioned something Mr. Chairman that eventually we have to .....I don't believe we have to if we don't want to. I think that at this point in time that if we have somebody that seems to be moving in this position fairly well, understanding that we're still in a break-in period, we have a legislature in session, we can't change mid-stream, I think it would be prudent for us to take another look at this after the legislative session and perhaps maybe we have our individual already picked. Maybe we don't. But to start the work now and to go through the whole process, I think is a waste of time. And I've seen this happen on other boards. Speak your mind. If you think this individual is it and you want to give him the time, don't go out and do a recruitment to make it look good and have all these people come in and interview them and then pick not pick an individual anyways. I think that's a total waste of time. I just think that this is something we could put on the shelf, wait until after the legislature. The recruitment process part of it, if we need to change that, maybe Jim's gone in a couple years, maybe he's gone in 6

months, but I think the idea of the paper, how it's going to look on the advertisement, we can work on that. But the actual physical, moving down the road to recruit, I think we should hold off a little bit.

Charlie Frey: Is that a motion?

Interim Director Barbee: Before you do, I need to be open with you on where I'm at and where I'm sitting. Cause I didn't understand this until I got to reading madly the minutes before this meeting. My leave of absence ends July 1. On July 1, if I'm not in a position here in a permanent manner, I have to go back to the Department of Education. I have two small children. There's a requirement there. So, I just want to be upfront with everyone on where I'm at and where I'm sitting on this deal.

Grady Jones: I am in total agreement with Dave. I felt when we looked at all the resumes and talked to all the applicants, that we lucked out. I didn't feel like we picking from a smaller group than we would have had we advertised, we would have gotten a better candidate and had to settle for Mr. Barbee. I felt like we lucked out. The things that we really need to have happen right now, he represents those interests well. All of the things I've heard prior to you even coming in from everybody I talked to were above and beyond what we would expect. So, that's was my thought right along with Dave's and the very least, table it until after the session and maybe even go a step further even than that.

Charlie Frey: Are we going to meet before July 1<sup>st</sup>?

Grady Jones: June

Charlie Frey: Does that give you enough time? I'm totally satisfied – I'm not saying that, but do we need to make....?

Paul Anderson: In the last meeting, I was pretty adamant about wanting to make sure that everyone of the applicants that came through that they knew that this was an interim position. And I was fearful because we had so hastily had to move down this road to pick someone as a Director. I was fearful that we weren't going to pick the right person. Just from the little bit that I have seen you demonstrate yourself, between the legislature, the meetings you've had here and how you're moving forward with the things that you have, I am feeling very comfortable. But, I want to make sure likewise, that your concerns are addressed as well. Right now, we are all saying thumbs up, you're doing a great job. But likewise, if your term is, your absence has to be addressed come July, we as a Board need to make a decision for his livelihood as well.

Ramona Morrison: And I would also add, we all need to know what your long term wishes are. You may decide you hate this place by that point.

Jim Barbee: And I can be very clear with that. I've made this investment up to now with all intents and purposes of wanting the position full time. I want the position full time

and I'm more than happy to go on the record there. But, I just want to be real clear that as of July 1<sup>st</sup> nothing has happened or you haven't made a permanent decision, and I'm not trying to put pressure on the Board. I understood it was temporary and all that kind of stuff, but the reality is that I have to ensure that I have a job for my family. So, July 1 is when my leave of absence ends with the Department of Education. And if I didn't have a position then, I would go back to the Department of Education in that position.

**Dave Stix, Jr.: Mr. Chairman, with everything I've heard said here, would a motion be appropriate to table the recruitment and also in the motion I would put that we would have on our next agenda, an item to permanently vote for Mr. Barbee and permanent Director.**

**Grady Jones: I would second that.**

Dean Baker: I was just going to ask Jim if there is no potential for an extension if you wanted it. Let's say you decided you didn't want to and we made the decision at our next meeting that we would advertise. You couldn't get an extension?

Interim Director Barbee: No, and to be honest, I wouldn't really be comfortable asking because my Ag Education position is sitting there kind of vacant now and it was nice of Dr. Rheault, Superintendent of Public Instruction, to allow me this opportunity, but Ag education with that position open is suffering. And that is an important thing for them. So, I feel fairly confident that that would not be granted.

Chairman Perazzo: I guess the only thing I'm concerned about the motion, Dave, is I almost feel like we need to notify the Governor's office as far as this is our intent.

Dave Stix, Jr.: I was going to make a point that if there needed to be a motion for the Chairman to contact the Governor's office and let them know the intent of where we're headed at the next meeting and just make sure that suits their ....

Chairman Perazzo: Okay, I think that would be only proper since we need their approval. I guess at the next Board meeting is fine, but we also need to go down the road to getting their .....however, it's stated there. I would like to add my voice to this. I think Jim's done a great job. I think our communication between him and I has been good and he has kept me up to date as to what is going on as he has other Board members on issues that pertain to their industry. And I appreciate that. I would like to go on record too as, and I wish Nancy was still here, I waiting until this time to do this, but I told her as she left to thank Tony for the transition period, the several days there of him turning over the reins to Jim, I think was..

Jim Barbee: Was extremely gracious and very open and it was really appreciated.

Dave Stix, Jr.: Mr. Chairman, could you do a letter to that effect, would that be appropriate even though it's not from the Board? Would you represent that feeling,

because that was one thing I heard that Director Lesperance was very instrumental in the smooth transition and I think he should know from the Board.

Chairman Perazzo: I will do that.

Dean Baker: I certainly appreciate Jim and I like working with him and I think it's logical thing that we're going to do. But it is not what we put forth in the last Board meeting and it's a little uncomfortable for me, but that's.....

Chairman Perazzo: You mean as far as.....

Dean Baker: For practical purposes, making it so that we don't open it up. I would not advertise ..... I appreciate Jim, I like him and I think that's the end result. But that's not what we put forth at the last meeting and .....

Chairman Perazzo: I think you're right Dean as far as that goes. I guess my intent was to open it up later on, but understanding that we need to have the decision by....we need the decision by July 1<sup>st</sup>, there is no question there.

Chairman Perazzo: Katie, are we mandated by statute to open up the position or what we did before, does that cover that statute of opening the position? Because I know we have to advertise it. Right?

Katie Armstrong: Under the statute, pretty much all it says is the Board appoints with the approval of the Governor. So, it's really up to the discretion of the Board how you want to handle this. There is nothing that says it has to be posted. That was just a recommendation to work with the Department of Personnel to do a good recruitment. But it's up to the Board how you guys want to handle this. There is no statutory requirement to recruit necessarily or....but, I know you indicated that in your last meeting, but it is up to the Board.

Grady Jones: Mr. Chairman, again, I think you know sometimes we.... the grass isn't greener on the other side of the hill. So, we got someone who is familiar with Nevada. The other thing about putting it out...you know, you can get someone with years of experience in agriculture in Tennessee, doesn't know any of the issues we have here locally. So, I feel like we are blessed to get him. I don't see the problem with Dave's motion that we table it and then add to the next agenda in June, on the 7<sup>th</sup> & 8<sup>th</sup>, that we discuss for appointment to the permanent position of Director and a recommendation to the Governor at that point. Like you said if you called the Governor's office now and you start paving the way for that since that's the general thinking of the Board at this time.

**Question called: Motion passed.**

Chairman Perazzo: I will contact the Governor's office and tell them our intent there and proceed.

## **L. Discussion and possible action with regards to the movement of the Weights and Measures Division and the Petroleum Technology Bureau to the Department of Motor Vehicles.**

Wayne Seidel, Motor Carrier Administrator, Department of Motor Vehicles introduced himself:

Interim Director Barbee: Wayne is one of the folks at the Department of Motor Vehicles that I have been working with in this process, both Lon and I. But, I can give you a quick overview of what's happened since I've been in the position on this issue and then you guys can talk about it and ask questions.

On February 9, [2011], I did a budget overview and in that quick overview in front of the joint committees, there wasn't much discussion about it, but Assemblyman Goicoechea had brought up the issue regarding fees and if the Division were to move, would there be a possibility of increase of fees? My response to that was yes, because there can always be a possibility of an increase of fees especially when we are a fees based group without a doubt. Excluding obviously, the hold on regulations and stuff that has been put out from the Governor's office, but beyond that down the road, that could definitely be a possible. If it were to have a cost allocation increase on the other divisions and it would, as compared to if it were to stay, it would definitely have a cost allocation increase, somewhere between 250,000 – 300,00 dollars that has to come out of the Plant Division, Animal Division, all the other divisions combined. And some accounts pay more than others based on how our cost allocation is figured within our budget.

Later thereafter, I had a conference call with Troy and Bruce Breslow over in the Department of Motor Vehicles kind of getting their understand of things. They informed me that there was a bill draft along with this process that is waiting to kind of get, I think and Wayne clarify me if I'm wrong, waiting to get clarification on what's going to happen in our budget hearing because it hasn't come out, right? So that bill draft is currently sitting there, kind of waiting on what's going to happen within the budget committee. We had a combined meeting between the Governor's staff, Andrew Clinger, and DMV and myself regarding the move and the rationale behind the move and its largely put relative to efficiencies of operations in that they would be able to combine the auditors that they already have in DMV along with the inspectors basically utilizing the same time and space in making that more efficient as well as customer service in that it will be addressing the petroleum folks would have a one-time shop in terms of dealing with the Department of Motor Vehicles. Then the other side of that obviously, those that are agriculture and currently interacting with that agency would loose that one-stop shop.

On February 17, [2011] we had our budget hearing and this was a major portion of the discussion at the end of that budget hearing where basically in that conversation, there were a couple of issues brought out. One of them was that the moving of Petroleum to DMV does connect their customer base, but moving Weight and Measures would not in that there are largely Ag related. They would have less impact if they moved just the

Petroleum section financially from the Department of Agriculture and that some of their concern was that there is like 280,000 dollar roughly general fund addition to the Ag budget to make up for the loss of administrative funds when this goes to the Department of Motor Vehicles. Of course, on the Department of Motor Vehicles side, there is savings in their Highway Fund, but that was kind of an issue with the committee. So, basically, out of that committee one of the things that they asked us was to look into a inter-local agency plan.

That was part of what came out within one of the documents I laid on your desk – it would be Page A of that document that's entitled, 'State of Nevada, Legislative Council Bureau'. On Page A, it starts the Weights and Division questions and at the very bottom of that they had a request that we would talk about and work together on the inter-local agency request. It would be submitted March 7<sup>th</sup>, yesterday, that is also along with those papers, the document that was submitted yesterday which basically specifically addresses their request in terms of what information we had on hand and were able to gather at the time we had to submit this and then with the ideology that we would if this were to happen, if they were move just the gas, not the full Weights and Measures, that we would obviously have to continue discussions and research on how that would break out. But, in that we attached what the Weights and Measures Inspector II duties are and what percentage of that would be reflective in gas and petroleum services. The last page is a cost allocation piece that shows the salaries of gas petroleum at the top. It shows the travel relative to the Weights and Measures staff below that and identifies the personnel costs and the percentage that would be taken out that would be coming from DMV to the Department of Ag for those salaries percentages, operation, all the way down to the what the facilities would cost in terms of operation that the Department of Ag currently has that then would move to the Department of Motor Vehicles and that would basically be the gas labs that would be moving over if this were to move.

So, basically that whole piece addresses a "what if" – if they decided to do that, this is what things we would look at and some of the preliminary numbers and costs that would be associated with that and that came out from LCB on February 28<sup>th</sup> and again, we had to send that in on the 7<sup>th</sup>. That's where we stand currently. On the 11<sup>th</sup>, Friday, we have to submit the rest, which I'll again address in my Director's update, but we have to address the remainder of Weights and Measures question under Budget Account 4551. Some of those are also reflective of whole agency move, a partial agency move, etc. One of things that I did forget in that is that before we received the memorandum with the request of information on the partial move, the Department of Motor Vehicles and the Department of Agriculture met and we provided them with 3 options: (1) included the advantage/disadvantages if the program were to move to the Department of Motor Vehicles, (2) included the advantages/disadvantages if it stayed in Agriculture, (3) was moving just gas to the Department of Motor Vehicles and both agencies felt that that would reflect in less efficiencies, all the way around. And that also was reflected in the statement that was added in on our report that was shipped over yesterday from the Department of Motor Vehicles, where they clearly wanted to state that didn't support that function. We also supported that, but we also wanted to respond to specifically

what they had asked us in that budget overview. So that we made sure that we were complying with LCB's request basically.

Currently, that is where it stands. I assume as we get the rest of our information in on the 11<sup>th</sup>, then the budget committee will start to look at closing our budgets and they are going to have to make a decision somewhere along the way there, I would assume. I assume that if that decision happens to move part or parcel of the entire thing, then the BDR that's sitting out there relative to DMV would have to be adjusted. One thing that wasn't addressed in the BDR was the Board positions if it were to move. And so my plan is that if it moves forward and then the BDR is announced when it goes to its first committee meeting, then I'll have to go there and put forward an amendment that would, depending on what they are suggesting, that would make our Board reflect that. And so I don't if you all want to address that piece as well in this conversation, because I think that's one issue as well. So, what have I missed Wayne?

Wayne Seidel, Department of Motor Vehicles: I think you've done a very fine job and these folks may have a little more history that you and I have. Since both Departments have new Directors, I think the conversation which began over a year ago, and in Petroleum, efficiencies could be gained based on emission funding, funding the pollution control lab. And then Weights and Measures are the samplers that gather the fuels and do the Weight and Measure at the retail gas stations. Motor Carrier we do collect the fuel tax from the retailers as well as the wholesale industry, do audits and the business side of Motor Carrier licensing. So, I think a year ago when they started talking efficiencies, there were some efficiencies, but it's not a perfect fit to carve off and this is the DMV's perspective, the Director's have spoken. What the Governor has recommended, we totally support for efficiency, for efficiency sake.

The white paper that we've written together between the Departments, it is not a perfect fit. They work in a group from everything I understand, working with Ag. That group of 21 FTE's, 3 in lab and 18 in Weights and Measures, they are inter-local. So, when Director Jim says we're going to move it, they're going to stay at this facility – there is no facility in Carson that they would move to. There's potential up in Elko that they can move into our DMV satellite office. So, there's some efficiency there, and I think Jim agrees, it's not a perfect fit, a square peg in a round hole. But, when you start looking at dissecting the 21 FTE's, our white paper has pretty much said this, it's kind of all or none proposition. The options we're proposing when they're all with DMV, they're still going to work in a group, be staged here. The other option is just leave it the way it is, keep the funding going as it is. And then what the subcommittee and Jim and DMV have been working on is that 3<sup>rd</sup> alternative from the subcommittee is why don't you do an inter-local and split the baby. We believe I think from both Departments that with the bureaucracy in writing inter-locals, the efficiencies, the dual reports, that we really aren't gaining efficiencies, we're creating loads of bureaucracy. In that regard, that's what the white paper is saying. So, it's not a perfect fit if it stays with AG or it comes to DMV in a whole piece.

Interim Director Barbee: And I would add that I think that under the committee meetings, the situations that we were under and both of us being fairly new relative to this, that after the beating that I had taken previously to that , I would have sworn that the sky was red if they had told me to at that point. So, when we say, yeah, we can at least possibly do something inter-local, that was genuine, but I think once we got out and were able to look at, it really does create a lot less efficiencies than either Option 1 or Option 2, staying or going would create. And thank you for the reminder of the other fees. The impact on the Department of Ag is largely two specific things. One is we would go from a staff full time staff of 71 to full time staff of 50 if the whole thing moves. And the increased cost allocation and how that impacts our other division's budget. That's probably the two largest issues or negative or downsize whatever you want to call them to the Department of Agriculture.

Wayne Seidel: I think discussions are still continuing about what if you divided the Weights and Measures staff in half and half work for Petroleum and half work for Ag. I believe they cross trained and support each other and have a diverse workload and would become very boring if they just did petroleum all day long or did the other thing. So, it doesn't seem like a solution, but we're working on some more responses to dividing Weights and Measures, keep cutting up the baby to find something that would fit and it just seems like its just getting so small that the efficiencies, I don't believe from DMV's perspective, the efficiencies are great by splitting into smaller and smaller groups. Just the cross training is so valuable and support.

Dave Stix, Jr.: Jim, have you got a feeling from the Governor that this is a real do it no matter what or are you getting the feeling from him that this needs to be explored and if it doesn't make sense, not to do it.

Interim Director Barbee: I can say from the meeting that we had, I believe it was the 14<sup>th</sup>, that there was a feeling that they wanted it from the Governor's staff obviously, It was a feeling that they wanted to move forward with it, but I wouldn't say they were – my impression was, it wasn't like a hill to die on or sword to fall on.

Wayne Seidel: I would agree. I think they are supporting the Governor's position – if there are efficiencies to be gained. To force things and not being efficient would be detrimental to the whole state. So, that is kind of what we thought. I agree with Jim. It's not a hill die on, but efficiencies can be gained, he's all for it. Then, of course legislators are the ultimate approval of the funding to support these programs. They have final say I believe.

Boyd Spratling: Mr. Chairman, I have a question for Wayne. If say this thing moves to DMV, but yet the entire operation stays in the building there next door to where you're located. We start talking about assets, for different departments, but essentially would DMV commandeer all the assets, the program and all that goes with it? It seems to me like that's quite a hit and plus the administrative shared costs from that. All those things that you would probably get from the Department of Agriculture, is there some accommodation for that; the real estate or the assets that are actually being moved?

Interim Director Barbee: The assets, the equipment, all those things are located in those budgets and the way that it is done is those budgets would transfer to DMV. So that would all go part and parcel, one whole thing to DMV. Now, I think one of the things that Wayne has talked about is like the Elko. I think how that could impact us is that lightens up the folks that are within our building if they move to DMV. And that may result in us having to look at other facilities in that situation. I'm not sure how. I haven't researched all that out. But, I'm not sure also DMV has considered that in Elko they would get a large amount of equipment that they would have to build an equipment yard for. So, I think there would be some more conversation on maybe Elko. But, yeah, other than that it would be part and parcel. Those budgets would go to DMV so the whole thing would go – yes.

Boyd Spratling: You know there is kind of a metaphor for everything that has happened to agriculture. I mean not many people like what we do, but they love our assets and our resources. And, the same thing is happening at the College of Agriculture at UNR. They want to get rid of the program and seize the farm and all the property and assets to be sold. It's the same in the industry, they like what we have; ownership, water and property rights. This is just a continuation of that same movement towards elimination and the benefit of agriculture in the state. I'm not saying one way or the other where this thing moves or not, but it's pretty indicative of the total atmosphere toward agriculture in the state of Nevada.

Paul Anderson: Wayne, if you can help us understand on those two items: (1) the improvement in efficiencies, and [2] customer service. Can you help us understand where you see from the DMV side how you can help with those?

Wayne Seidel: I'm with the DMV as of January 18<sup>th</sup>, so I'm learning the Motor Carrier game and I've had some conversations with my staff, so, we have worked with Ag and Weights and Measures as well as fuel testers. We've had a complaint down in Vegas on ethanol, so we have worked together on a few things. I see efficiency if we're working the DMV, if they were reporting to me if that was the solution. And still work as a team up here, I would be the administrator. There would be efficiencies that I believe we could gain in communications as well as the field visits, sending an auditor with a tester when you get complaints. The enforcement side of things; we have hearing officers and those types of things. Also, I saw an email this morning about regulatory would have to be revised as they currently.....they'd have to be some improvements or some changes or revisions to match realigning at the DMV. Just relative to the Petroleum side of Weights and Measures, knowing their mobile, working out of one area in the state here, they are no efficiencies moving them anywhere because we have no place to bring them to. That's the kind of efficiency I've been hearing from my staff.

Paul Anderson: So, correct me if I'm wrong, you would be reducing staff like instead of Lon having 7 people reporting to him, he would only have 3. And it would replace some of your people as well? Is there a staff reduction involved to save money?

Wayne Seidel: No, it's the same number – 21 FTEs. My prior job was a Public Works Director for the City of Sparks for almost 16 years, so I am very familiar with dual type of reports. So, to have the lab folks here reporting to me, there are still going to have to work with Lon as far as operations, building, coordination. So, it isn't back to where we started. It's not crystal clear on efficiency; we'll have to work those out as far as DMV working with Ag. This building, discussion on rents and those types of financial considerations which the Department folks are looking at; what are our real costs?

There is a little efficiency, but I think our recommendations from both Departments is either to bring all to DMV or leave where it is with the Department of Ag. My understanding from Jim was on board there, and I know Director Breslow has said that. Our recommendation on the white paper is bring it all, leave them in a group, and they'll still keep doing everything that they're doing today or leave it in Ag and fund it the way it is.

Interim Director Barbee: During the budget hearings, they noted (they being the committee), where some efficiencies were gained by the move, other efficiencies could be, or other customer's service applications could be lost as well. And so I think that's where the Department of Motor Vehicles and myself have taken the stance that there's no efficiencies gained by splitting it. Basically, the legislative committees make up their mind – is there enough efficiency gained that they feel they should be moved it or is there not enough there that they feel like it should stay the same. The big issue is that splitting it will definitely not increase any efficiencies.

**Paul Anderson made the motion that we communicate in writing to our Governor that we, with all due respect, ask him to reconsider moving the two divisions over to DMV.**

**Dean Baker: Seconded the motion, but I would like the legislature sent the same letter.**

Dave Stix, Jr.: I think we should remain committed as a Board to grasping the idea of the Governor's wishes to be more efficient. I don't think we should leave that, but also recognize that we believe this isn't becoming efficient or cost savings. Could something like that be...? I mean we want to make him look good, after all we're at the end of the day and I don't think this makes him look good.

Paul Anderson: If we focus on the efficiencies and the customer service side of it, from the industry we're not seeing it. I've never hear of a complaint from somebody in the industry as far as ....in fact to the contrary, all I've heard regarding Petroleum Lab and Weights and Measures from the industry is how great they great they are. So, to believe that it's going to improve the customer service side of it, maybe ideally they could send one person out that did the auditing, as well as the Weights and Measures, and the field sampling, I think there would be something there. But, I still believe we're going to have the same number of people, doing the same job that they're doing now, just from a different division or different department.

Chairman Perazzo: Paul, would you restate your motion so we can vote here?

**Paul Anderson: [The motion was] that we draft a letter to the Governor and the Legislature letting them know that we do not see any efficiencies, any improvements in customer service that would be gained by moving the division from the Department.**

Chairman Perazzo: And that we are not in favor of it?

Paul Anderson: Correct.

**Question was called for: Motion passed.**

Interim Director Barbee: Before we pass from this topic, I still in case this happens, in case it were to happen anyway, I need some direction on you folks in terms of what you want me to do relative to the BDR and the Board position.

Grady Jones: We're required statutorily to have 11 Board members. So, we would either have to create another industry position or change the.....

Interim Director Barbee: If we were to do a strike and insert on the petroleum representative, what would you want?

Dave Stix, Jr.: With the BDR, if it's passed, would they make the decision such as the 38 parallel and the manganese? You would still need a voice, sitting on some board and it would be here. What's wrong with that? They'd still have a place to go, voice their issue, the difference is what?

Interim Director Barbee: They wouldn't have any regulatory authority.

Dave Stix, Jr.: That's what I said, the BDR would strip the regulatory authority.

Jim Barbee: I'm no longer the ex-officio Weight & Measures guy - all that goes away. They just didn't address the Board.

Chairman Perazzo: Let me ask you this Jim, has that question been asked them, what was their solution to that?

Interim Director Barbee: They didn't think about it. What would happen on that Board position slipped through the radar. So, that's where if it happened, I would offer it as an amendment to that when they had the first hearing on that BDR. I would offer that as an amendment to the BDR to fix that part.

Grady Jones: Can we add that to the motion to state that in addition to not creating any real efficiencies or saving any revenue in the general fund, that it also creates an imbalance within the Board and a void for representation for petroleum.

Interim Director Barbee: But it doesn't, the BDR, the way it would read, you would still have a petroleum representative, you just wouldn't have any regulatory authority. There's nothing wrong with having a petroleum representative on the Board if that is what you decided you still wanted to do. They would represent the industry on Ag issues, not on petroleum based regulatory issues.

Boyd Spratling: Just out of curiosity as far as representation from the industry, what mechanism is there in place for the Department of Motor Vehicles for the industry? Do they have a governing board, and regulatory board like we have in the Department of Agriculture or would they have that same level of input that they have now with the existing structure.

Paul Anderson: As it stands right now, there is no representation through DMV for petroleum.

Dave Stix, Jr.: The Director of DMV would become the head Weights and Measures guy.

Interim Director Barbee: I think they are based more in an advisory capacity, advisory committee, advisory group capacity rather than regulatory authority.

Paul Anderson: That's correct. They do have a committee, but it is an advisory committee. That is correct. But there is not currently a petroleum representative.

Boyd Spratling: It appears to me that is one additional argument to leave it where it's located if we're talking about efficiencies and customer service that they have a regulatory representative on a Board where it sits now which they would lose if they move to DMV.

Paul Anderson: So do we need to revise the motion to include that the worse case scenario, if something happens, what do we do about a Board position? Is that what you're.....

Jim R. Barbee: I would suggest that those two motions wouldn't be germane to each other, that you would do secondary motion based on the similar action item. Can we do that Katie?

Katie Armstrong: Yeah, you can do that and I think what the Director is getting at and what I've seen in the history of the Board, when there are changes like when they brought on petroleum, they added an additional member and the additional member was petroleum. I think when they're looking at this, there are several options if it does go to the DMV, make the Board 10 members and get rid of petroleum representative or if you guys voice your opinion that you want an 11 member Board, some other industry represented or extra livestock, or this and that, I think that's what the Director is getting at.

Interim Director Barbee: I don't think you want to be a 10-member Board, a five and five situation.

**Ramona Morrison: I move that in the worse case scenario, they move fuels and weights and measures out to DMV, that we change the Board position from petroleum representative to an organic person. That ought to be politically correct.**

Boyd Spratling: Point of Order Mr. Chairman: I think we have a motion on the floor we had to clear out first before....

Ramona Morrison: Thank you.

Dean Baker: Since there isn't a second, let's deal with it when we know what happens and we can think about it.

Interim Director Barbee: I would just add a comment. Then what you're probably going to do is leave it up to my purview because if it happens before we have another Board meeting, and I have to submit a proposed amendment to that BDR when it comes up for hearing, I'll speak representing the Department of Agriculture as the Director, not representing the Board which is fine, but I just wanted to make sure you guys had an opportunity to define what you wanted.

Boyd Spratling: Mr. Chairman, it seems to me that after reading some of Nevada's agricultural statistics, that organic production is just part of our agricultural industry. And perhaps we should have a second representative representing some aspect of alfalfa production; it wouldn't be row crops. It would be something that represents that position or that segment of the industry. They are the biggest actually, more than beef or dairy.

Interim Director Barbee: And that's where I'm....you guys figure out what that person should look like. It's not saying and it's not going to go past this room unless it happens. I'm just looking for a trigger point, because if you leave it up to me, it might be an Ag teacher. Nobody wants that.

Dave Stix, Jr.: I've worked with a lot of with a lot of Boards and you know our legal counsel here – I like her, she's just stays quiet and doesn't become the 12<sup>th</sup> Board member. But, Katie I think you need to weigh in here on the item on the agenda.

Katie Armstrong: Sure, I think the Director wants an idea of where the Board is coming from so if this does happen, he has an idea of where you'd like to do this; this representative; what industry. Certainly, it does not need to be.....

Dave Stix, Jr.: We had an alfalfa guy here and Charlie took his place. That's kind of input is important when you have it agendized. We need to look at all this stuff and

when you listen to Boyd, now I agree with him. They're [alfalfa] the biggest industry in ag; we'd better give them a chance to have a say.

### **C. Presentation and training in Nevada's Open Meeting Law**

Katie Armstrong, Deputy Attorney General provided the presentation and training of Nevada's Open Meeting Law to Board members.

### **3. Director's Report**

Interim Director Barbee: I'll try to be brief and I apologize for the lack of organization on this report ahead of time. But, I think as I go through and talk about some of these things, the comment that has been prevailing is that I feel like I'm standing in front of a fire hose with my mouth open and it's just coming at me and I'm adjusting as things are happening.

To start with I wanted to thank some folks. First off, I would like to publicly thank Tony Lesperance for his graciousness in allowing me two days to visit with him prior to my start date. His willingness to be open and frank and very pleasant in what had to be a very difficult situation in what he was sitting in. I think it speaks a tremendous amount to his character. So, I would like to go on record with that.

In addition, I would like to note that the staff, both in the Administrative Division and the rest of the Divisions has been tremendous in terms of welcoming me and providing me with the resources and information that I needed to try to get by in this short amount of time these 4 weeks that we've had. And also, thanks to Katie because I've been burning her phone up: what does this mean, what's that about, what do I do here? She has been very helpful.

The largest focus that I'm going to talk about is my dealings with the legislature over the last month because that is probably the biggest thing that has been happening that I've been reacting to everyday as we're moving along. And I can say that I'm excited the meeting is going to finish today, because that gives me another day to prepare for another legislative date on Friday.

I started with the Joint Finance Committee. I met with them on February 9<sup>th</sup> and gave them an overview of our budgets; that was positive and well received. We had dealt with an expanded narrative that was a request from the LCB prior to my coming and had been disbursed by Tony and then we finished that up. It seemed to be fairly well received. Then in that time we went then to the actual committee where we went over each one of the budgets; categories specifically. That was a very rough meeting. We've got some issues and some things that we have to clean up within our budgets. We're working on that. A lot of that is dealt with the audit that happened in 2010, the LCB audit and complying with that. I think there was an effort to comply with that, but there were some detail things that we didn't get quite matched up or quite lined up the

way we needed to or how it was necessarily proposed to us. So we're working on that. Our overarching theme is relative to basically some grants books or some policy books reflective as to how we're dealing specifically with finance and the budgets. That seems to be the audits that we've gone through and a recent audit that we just completed. One of the things that they really want us working on – that's happening right now. And I've also brought some, because we are doing some federal money, some state money, those are a little bit different. We have to define how we deal with each one of those. I brought some policies and procedures from the Department of Education that we're utilizing as a resource as well to develop those on our side. And so we're moving forward with that.

After that hearing which was the 17<sup>th</sup> of February, we received a nine page request which you have a copy of from LCB and it basically goes through each one those budget items and it is pretty self explanatory for the most part and we are replying to all those. Staff is going to have their responses to me by tomorrow, the 9<sup>th</sup>. Then we're going to fine tune that, make sure that we're where we need to be on it and then we're submitting that over to LCB on Friday. And that's the second part. The first one was the Weights and Measures that we submitted yesterday. For some reason, I haven't figured it out, they wanted that earlier. So now we've met their request there and I hope from that they will be able to close our budget out and we won't have to deal with that in a public manner beyond that point and then we can start looking at shifting, adjusting, and changing for the future to ensure that we have cleaner budget reviews from then on.

I've been working very hard to develop a real positive relationship with LCB and the Budget Office and I think we've made some positive inroads there. So, that's in my mind, a good thing.

One of the issues relative to the budgets was the Nevada Junior Livestock Show budget in that they had, when the Governor's budget request came out, and this played a big roll in that meeting and that's why I'm going to talk about it, it was actually negative 39,000 dollars. They had found 39,000 dollars in a time and point somewhere out there and they had identified that as an outside account that would be pulled into a state account and that would be the funds that NJLS account could run off of which was a little bit bizarre I thought. Not something that I had ever seen done before. When I went to NJLS, they said that must have been right after the show before we'd written checks out to the participants and taken our commission off of the sale. I think at that point there was around 11,000 dollars sitting in the account when I went to them. So working with NJLS Board and their President, we proposed to zero out that account, to eliminate state funds support for the NJLS. The Board, the NRS relative to their function all would stay there. They would just serve without reimbursement and would not have an operating account. And the idea by the NJLS Board is that opens them up for greater opportunities to go out and get funds through a 501 C3 without perceiving that they are donating money to the state. So, they felt that would be a beneficial way of doing that. The Budget Office accepted that and we put it into to an amendment, they accepted it and forwarded it as an amendment. I got notice yesterday that instead

of doing that they decided to ahead and put it in as its own BDR which I'm not sure there is great big amount of difference either way. Either way it would have its own hearing. So when that hearing comes through, we'll finish making that proposal, but that will eliminate one more budget area that we're dealing with and in terms of management, that's not a bad thing. And where it was not being funded by general funds, but actually sweeping funds that were outside in other accounts, I think it seems to make the most sense. And they are updating some of their NRS language as well at the same time. So, that is moving forward. So, all these responses will go in on the 11<sup>th</sup> and again hopefully that will close things out.

I've been doing a lot of work on the cost allocations and how those are figured within the agency and of course the Governor's budget has come out and all that's kind of a done deal right now. I think as we move forward in the future, we need to look at other options in terms of cost allocations that may more equitably spread things out between the divisions and such, but probably a conversation needs to come a year from now once we kind of know what budgets are staying here and what's not moving or is moving.

On March 1<sup>st</sup>, we met with the Assembly Ag Committee and this is the presentation that was given at that meeting. And this is one of them that Peter was referring to. And this is just for your information, reflecting what the agency presented. Again, I thank our division administrators. I spend about a minute and a half in front of the committee and then turned it over to them to talk about what the programs are and what we do at the Department of Agriculture. That's the big theme right now that we're focusing on – really getting the message out about what the Department of Agriculture does and how important it is to the state of Nevada and to its citizenry. So that kind of gives you an overview of that presentation and we will make a very similar presentation again on Friday to the Senate side – that was the Assembly Ag Committee, so it'll be the Senate Natural Resources on Friday.

And once we get our budget closed and that done, I'm hoping things will kind of slow down a little bit. We did on my first day here I met the folks that were doing the Federal Recovery money, the ARRA money, funds. They were doing the audit and so two weeks ago Friday I met with them for the final audit findings and everything. Very similar to the findings that we previously had relative to having policies and procedures related to the financial pieces or grant books that reflect how we deal with those financial settings. Also, a lot of issues which are similar to the our other funding sources in terms of salary so when we have an employee that is partially paid out of this budget account and this budget account, part of it is federal and part of it is state. When we have a situation like that and we had to do this in Education as well, I was actually a state and federal employee in Education. I had to keep a timesheet to identify my 45% federal money and what I was doing to support that versus my 55% of state money and what I was doing to support that state mission so that we can document that when we come under a financial audit or review. That's one of the things that we've got to get developed here in the Department of Ag to meet those needs.

Over the last month, I've met with some advocates from the wild horse group or groups. I'm not sure what their specific affiliated group was, but I listened to some of their concerns. I attended the Executive Board meeting of the Nevada Cattlemen's Association at the Fallon Bull Sale. The day before that I was invited by the Governor's staff to their meeting with Governor regarding the NAC Brands statute that you guys had forwarded and then realized it was the wrong statute and we're back in the process again. Along with that I have submitted to the Governor's General Counselor, a request for exclusion from his Executive Order that he has relative to no more regulations or fees; per a hold on those. Basing it on commerce, economic development in Nevada and that this something that brings money into Nevada and the industry is on board with it. I haven't heard back whether or not we're going to get an exclusion on that. If we do get an exclusion on it, then I think we can go ahead and start some of the public hearings and kind of start moving forward with the process so that we're moving ahead.

I met with Doug Busselman, Farm Bureau, and he has invited me to their Executive Board meeting next week of which I'll sit in on the 17<sup>th</sup>. And I would just add as it arises within the industries that you represent, I'd appreciate the opportunity to meet you're your stakeholders in whatever format or situation that they do so I can gain as much information and knowledge as I possibly can early on rather than later. In some cases I can't always facilitate all those meetings based on what is happening in Legislature. That is something I would like to do.

Also, we discussed AB35 on March 1<sup>st</sup> which is our, a Department of Ag sponsored bill and that seems to be received fairly positively. There was some comment from another legislator about looking at some things that they have that maybe we can add into our bill. I have Chuck and Lee looking at the possibilities of pulling some of that information, but it was well received by the committee.

I'm am planning on going to Las Vegas at the end of the month. I'm catching a ride with an FFA person so I'll have no reimbursement on that end of things and I'm staying with my folks. I'm hoping to get a couple of days to meet with staff down there and hopefully get the opportunity to maybe meet with some of our Las Vegas Board members for a little while. I have had the opportunity to meet with the Dean, Romona, and Dave. All three of them had an afternoon where they were able to drop by and spend a little bit of time with me and talk about some of the history of those kinds of events and give some of their perspectives and ideologies. I would welcome that opportunity with everyone else and I hoped by now I would have had that opportunity to do it with all the Board members, but I had no clue. It is a very, very busy job.

To follow up, I think I've made some inroads with again LCB and the Budget Office and I think things are moving forward. We have a meeting on the 15<sup>th</sup> where we'll review and go through the mission, vision, objectives, goals, those kinds of things. So, it's timely that you guys had recommended that we do those other things cause we're already headed in that direction. On the 30<sup>th</sup> and the 31<sup>st</sup>, I have a special training coming in from the Department of Personnel with our Division Administrators to help us get up to snuff on our supervision requirements that we have and then we'll be working towards

getting work performance standards established whether or not we have them in some places not in all places, get those on board and start to make sure that we're meeting our requirements via the evaluation process for all staff. And so that was a big thing I want to get up and running. Those are the kind of the things that are happening right now and are moving forward. Next week I will say I'll be spending about half a day in the office and then I'll be running over for half a day and tabbing the state FFA Convention that's going on at UNR, because I can't leave the gal over there totally helpless in terms of running our electronic tabulation system. And so, I'll be running back and forth so if maybe if you're trying to catch me, give me a little patience next week. Other than that, things are going pretty smooth.

Jim Snyder: I know earlier we were concerned with the accounting here after seeing the audit report. Do you feel you have adequate staffing?

Interim Director Barbee: In terms of volume of staffing, I'm not sure yet. My gut tendency to tell you right off is no. We've got what we've got and in the short term, we got to make it work and move forward. How that's for a non-answer? You know I'm still figuring all that out. I can say that the budgets were a disappointment. They're not where I would like them to have been and I think we took a public ding in our armor during that budget hearing. And there was a definite message from several legislators that they are aware that we have budget issues and their expectations are that we will get them fixed. And I went on the record to say that I heard, understood, acknowledged, and we would be fixing things and that's what we are doing.

## **10. Plant Division Update**

Chairman Perazzo advised the Board that the information is in their Board packet. There will not be a presentation.

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

Dr. LaRussa: From the Department's perspective that we're very happy to have Jim here and we're very proud the steps he's taken to start out. We know he's jumped into a fire pit and we think he's done an excellent job so far.

## **12. Board of Agriculture member comments.**

Charlie Frey: I just wanted to report on the University of Nevada's Co-operative Extension. I received the letters from the Dean and also the President; Dean Karen Hinton. And the President has got a 59 million dollar cut in his budget and there is significant cuts in University of Nevada's Co-operative Extension and mining. UNCE is going to get cut 5.5 million and mining is going to get cut 1.1 million. In the President's letter, he says these are really significant cuts and they are, because a lot of the funding that these companies get is through land grant colleges which the University of Nevada is a land grant college. And I think it would be really important for all us, individually, to

write letters and now is the time to do it. I was supposed to be at a UNCE meeting today. I sit on their Board, but we're in conflict and I think it's better for me to be here and kind of explain some of the problems that they are having. But, when they are starting to cut Ag and Mining, the two foundations of our economy ....put aside Ag and mining, which is really critical to our economy, those two entities, you know put a different hat on if you want, I don't care, but we all need to respond to this because that is what is the main core of our whole nation's economy. It's a bigger problem than just with the state.

Dean Baker: One of the things, and this is just a copy, these are real countries of the world and you look at the percentage of what the United States pays of its personal consumption expense of eating at home, it is a tiny fraction of the rest of the world. And this is not the countries that have to spend the vast majority of their time to get enough water and food to eat. And it's like you say, they are ignoring it and it comes back like the European media people have come, I would say there were 5 French television crews, German crews and others that came to look at Las Vegas taking the water away and building the pipeline because they so could not conceive that little attitude that agriculture was as important as to the rest of the world.

Dave Stix, Jr.: Just real briefly, I want to comment real fast on both Dean's and Charlie's issues. First of all, Dean the slip you held up earlier with the amount of agriculture, I think they are directly related to the issue of the waterline. Because we have to forget here, there is a component we don't talk about – importation. And even in our area Charlie. Our family would have left a long time ago if we thought we couldn't make as much doing what we are now doing than if we sold. And I think that is really important to remember because the next go around, I don't know if our family can survive it because we've got to get the pencil out and start figuring – can we go somewhere else?

The University thing is huge. I wish I could sit down and put into words, but the history outdates Milton Glick of where this started. The S Bar S being left to go to hell in a hand basket. They finally found a loophole to sell it even though it was an endowment property – it's way deeper. That's the problem. The domino effect starts, the kids don't want to start going and it dominos. They neglected recruiting these kids.

My issues are two: Jack Payne is on the move and some of you may have gotten phone calls. Charlie you mentioned it. I just wanted everybody to know Jack's newest issue is that he doesn't like the trip permit and he makes a very good case that people should be able to transport their cattle to the sale yard without paperwork because they are being inspected in the end. Now the problem with that is, we talked earlier about the committee that was formed by the last Director. That committee who was represented by two cattlemen industry organizations and was meeting on a regular basis and this issue came up and Alan and I were there. To allow the transportation of cattle from say Elko to Fallon to the sale yard, involves crossing district boundaries, and in state law and that is set in stone. You cannot transport across district boundaries without a brand inspection. Where we have the ability to do it and this was looked at

before this Board I think was here, the current make up. We work really hard in the industry to keep the trip process alive because we want to be able to keep take our own cattle from pasture to pasture without calling up a brand inspector. So the trip permit process was kept alive, it was put in place and we have a really good process now.

But that committee came out of there with an end result that had to have a BDR that is currently going through its process with the legislature, if it passes the muster to the Governor; that's what Jim was talking about; the increase in the fees. And that's to make the producer going into the sale get a trip permit or pay for a brand inspector and they get charged at the sale. Right now, they only they get charged once. But they get a brand inspection in the field and go to the sale yard, they're inspected both times, but they only get charged the one time. When this happens when they get an inspection and go the sale yard, they get charged \$2.00 - \$1.00 on that end and \$1.00 once they get a trip permit. So that was covered through this committee. I wanted to everybody to know that was coming up. Jack is requesting to sit down with the new Director.

And the second thing, this is just an efficiency since we talked about it most of the day. But, you know I'm thinking of Sandie when I think of this. This is old, old, ancient [Board packet]. We have to become more efficient and I'll tell you where this is going. I think in today's technology, Sandie should be able to, and this is how it's done with the other Board I sit on, there's no reason why Sandie shouldn't be able to email this packet. And what we do if we elect to, print them and if we don't want to mess with the paper and the cartridge, we review it online and we have this packet sitting in front of us. This is time consuming.

Boyd Spratling: I would like to comment on this previous problem that we've had, but it's starting to raise its ugly head again and is accelerating. And that's the Packers and Stockyards Act that require livestock scales to be inspected every 6 months if the cattle are going across state lines. We're having a tough time managing a biennial inspection of those scales currently and I know that Tony had sent some communication to the appropriate agency within USDA to discuss this problem on these ranch scales. I can understand the scales that are at stockyards or sale yards that are having multiple cattle going across on a regular basis. And maybe 6 months if there are a lot of different buyers and sellers or anyone else that wants to cross those scales. It may be appropriate to have those scales checked every 6 months. But these ranch scales may only have less than a dozen transaction weights go across them in a year's time, it really is I think inappropriate to expect those type scales to be checked on a 6 month basis. Video sales companies have sent notification to their representatives that if they sign a weigh sheet on a scale that has not been checked within 6 months, that the liability lies directly with the representative alone. So, this thing is picking up speed and it's picking up importance with the industry in our ability to ship cattle.

I want to ask Katie is there something that can come out from the Board and from the Department to the USDA stating our case and get a waiver on this from the federal law or is there a possibility of it coming from the Attorney General's Office to the USDA? We need to do something to get the attention of that federal agency somehow.

Katie Armstrong: Boyd, in thinking about that, definitely I think the Board is the one to draft the letter concerning that issue would be the proper method rather than coming from the Attorney General.

Interim Director Barbee: Boyd, to follow up, I had it in my report and skipped right over it. We received a letter dated the 14<sup>th</sup> of February basically saying and I think it was group letter that went out to each state saying yes all states and all scales will be responsible for this new law and that we'll have to do it. I know that I got a call from, of course, we talked about it at the Executive Board meeting at the Cattlemen's Association, but I also got a call from Clint Wright with Superior and I know some of the Western States Governors were discussing it specifically with the administration back when they had they had their Governor's Convention or whatever it's called back in D.C. a couple weeks ago. I know we were trying to get communications to Governor Sandoval on the issue prior to, but he was already there or on his way there and I'm not sure the communication actually connected. As I understand it, Wyoming, Utah, Idaho and I'm missing a couple of other .... Western States Governors specifically brought this up or were going to specifically bring this up as an issue during that meeting. I haven't heard what the reaction was or the result of that conversation was and I don't know if anybody else has relative to that. I'll try to find out.

### **13. Public Comments**

None

Chairman Perazzo: We will have the next Board meeting scheduled for June 7 & 8, 2011.

### **14. Adjournment**

**Jim Snyder made a motion to adjourn. Charlie Frey seconded the motion. Question was asked and the motion passed. Adjournment at 4:30 pm.**