

Tahoe Regional Planning Agency and Marlette Lake Water System

BULLETIN NO. 15-8



**LEGISLATIVE COMMITTEE FOR THE REVIEW AND OVERSIGHT
OF THE TAHOE REGIONAL PLANNING AGENCY AND THE
MARLETTE LAKE WATER SYSTEM**

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JANUARY 2015

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SUMMARY OF RECOMMENDATIONS

LEGISLATIVE COMMITTEE FOR THE REVIEW AND OVERSIGHT OF THE TAHOE REGIONAL PLANNING AGENCY AND THE MARLETTE LAKE WATER SYSTEM

Nevada Revised Statutes 218E.555

This summary presents the recommendations approved by the Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency (TRPA) and the Marlette Lake Water System during the 2013–2014 Interim. The bill draft request (BDR) will be forwarded to the Legislative Commission for transmittal to the 78th Session of the Nevada Legislature in 2015.

RECOMMENDATION FOR LEGISLATION

1. On August 25, 2014, the Committee voted unanimously to request legislation for a resolution to urge Congress to facilitate the release of the federal grant funds previously awarded to the Nevada Fire Safe Council (NFSC) for hazardous fuels treatment in the Lake Tahoe Basin. (**BDR R-431**)

RECOMMENDATIONS FOR COMMITTEE LETTERS

2. On May 2, 2014, the Committee voted unanimously to send a letter to Eric H. Holder, Jr., Attorney General, United States Department of Justice, to request assistance in securing the immediate release of the federal grant funds previously awarded to the NFSC for hazardous fuels treatment in the Lake Tahoe Basin.
3. On August 25, 2014, the Committee voted unanimously to send a letter to Governor Brian Sandoval in support of an increase in the Governor's *Executive Budget* for the 2015–2017 Biennium in an amount up to \$500,000 in each fiscal year for the TRPA funding request for the Lake Tahoe Aquatic Invasive Species Program.
4. On August 25, 2014, the Committee voted unanimously to send a letter to Governor Brian Sandoval to urge the issuance of the general obligation bonds authorized, but not yet sold, by Senate Bill 438 (Chapter 437, *Statutes of Nevada 2011*) to fund Nevada's apportioned share of the costs for the Lake Tahoe Environmental Improvement Program (EIP). Senate Bill 438 required an amount of not more than \$12 million through the sale of general obligation bonds be provided to carry out Nevada's share of the EIP. On March 11, 2014, the State Board of Finance approved the sale of \$1.5 million of these authorized bonds, and \$10.5 million remains to be issued.

5. On August 25, 2014, the Committee voted unanimously to send a letter to the Nevada State Office, Bureau of Land Management, U.S. Department of the Interior, and Nevada's Congressional Delegation, to commend the fire districts in the Lake Tahoe Basin for their work and to encourage continued funding of hazardous fuels projects in the Lake Tahoe Basin from the Southern Nevada Public Land Management Act (SNPLMA) of 1998.
6. On August 25, 2014, the Committee voted unanimously to send a letter to Governor Brian Sandoval in support of issuing the general obligation bonds authorized, but not yet issued, for the Conservation and Resource Protection Grant Program, commonly referred to as the "Question 1 Program." Specifically, the letter would support the \$2.1 million that is designated for the Stateline-to-Stateline Bikeway. On March 11, 2014, the State Board of Finance approved the sale of \$1.25 million of these authorized bonds. There is a remaining authority to issue more than \$19 million in these bonds.
7. On August 25, 2014, the Committee voted unanimously to send a letter to Governor Brian Sandoval in support of an increase in the Governor's *Executive Budget* for the 2015–2017 Biennium in the amount of \$85,000 in each fiscal year for the Division of State Parks, State Department of Conservation and Natural Resources. These funds will provide a match for federal transportation funding that was previously matched by SNPLMA funds. This will allow continued operation of the shuttle service operated by the Tahoe Transportation District between Incline Village and Sand Harbor State Park.
8. On August 25, 2014, the Committee voted unanimously to send a letter to all of Nevada's Congressional Delegation and those in California's Congressional Delegation whose districts include a portion of the Lake Tahoe Basin, in support of a revision to technical language in the reauthorization of the Moving Ahead for Progress in the 21st Century Act of 2012 (Public Law 112-141 – Map 21) to allow the Tahoe Metropolitan Planning Organization to receive federal formula funds for capital projects and transit services under Map 21.

**REPORT TO THE 78TH SESSION OF THE NEVADA LEGISLATURE BY THE
LEGISLATIVE COMMITTEE FOR THE REVIEW AND OVERSIGHT
OF THE TAHOE REGIONAL PLANNING AGENCY AND
THE MARLETTE LAKE WATER SYSTEM**

I. INTRODUCTION

The Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency (TRPA) and the Marlette Lake Water System (MLWS) is an ongoing statutory committee of the Nevada Legislature whose authorization is set forth in *Nevada Revised Statutes* (NRS) 218E.555. (See Appendix A for a copy of the statute.) With the enactment of Senate Bill 216 (Chapter 408, *Statutes of Nevada 2003*), the Nevada Legislature created an ongoing statutory committee with oversight of both the TRPA and the MLWS.

Prior to 2003, review and oversight of the TRPA and the MLWS were conducted by two separate committees. In all but one interim since 1985, the Nevada Legislature has provided review and oversight of the TRPA either through an interim study or this statutory committee. The MLWS has also been the subject of study by the Nevada Legislature for many years. The Legislature adopted Senate Concurrent Resolution No. 21 (File No. 105, *Statutes of Nevada 1967*) to direct the Legislative Commission to study the feasibility and desirability of retaining the MLWS. This study was continued with the adoption of Assembly Concurrent Resolution No. 28 (File No. 112, *Statutes of Nevada 1969*). The Legislature enacted Assembly Bill 804 (Chapter 410, *Statutes of Nevada 1971*), which established the MLWS Advisory Committee. The MLWS Advisory Committee, as codified in NRS 331.165, existed for more than 30 years before the 2003 legislation created the Committee now in existence.

A. Duties of the Committee

The duties of the Committee set forth in NRS 218E.565 are:

- To review and oversee the budgets, programs, activities, responsiveness, and accountability of the TRPA and the MLWS;
- To study the role, authority, and activities of the TRPA regarding the Lake Tahoe Basin and the MLWS pertaining to Marlette Lake; and
- To communicate with members of the California State Legislature to achieve the goals set forth in the Tahoe Regional Planning Compact, which is codified in Public Law 96-551, NRS 277.200, and *California Government Code* Section 66800-66802.5.

B. Committee Members and Staff

The following legislators served on the Committee during the 2013–2014 Interim:

Assemblyman Michael Sprinkle, Chair
Senator Ben Kieckhefer, Vice Chair
Senator David R. Parks
Senator James A. Settelmeyer
Assemblyman Randy Kirner¹
Assemblywoman Heidi Swank

The following Legislative Counsel Bureau (LCB) staff provided support for the Committee:

Jennifer Ruedy, Principal Research Analyst, Research Division
Lisa Gardner, Senior Research Secretary, Research Division
Eileen O’Grady, Chief Deputy Legislative Counsel, Legal Division
Dan Reich, Deputy Legislative Counsel, Legal Division
Wayne Thorley, Program Analyst, Fiscal Analysis Division

C. Status of Recommended Legislation for the 2013 Legislature

The Committee did not recommend any legislation for the 2013 Session; however, the following two bills were enacted relevant to the TRPA:

1. [Senate Bill 229](#) (Chapter 424, *Statutes of Nevada 2013*) represents a compromise worked out between the State of California and the State of Nevada to continue both states’ participation in the Compact. The bill provides for the repeal of certain provisions of S.B. 271 (Chapter 530, *Statutes of Nevada 2011*) once certain actions have occurred by the State of California and the Governor of the State of Nevada on or before January 1, 2014. Senate Bill 271 provided for the withdrawal of the State of Nevada from the Compact under certain circumstances. Further review of this bill and [California S.B. 630](#) (Chapter 762, *California Statutes 2013*) signed by California Governor Jerry Brown on October 11, 2014, is provided on pages 9 and 10.
2. [Assembly Bill 480](#) (Chapter 421, *Statutes of Nevada 2013*) was requested by the Assembly Committee on Ways and Means. Section 1 of A.B. 480 requires the TRPA to submit, on or before January 31 of each year, to the Governor and the Director of the LCB a copy of the Agency’s most recent independent audit report and a written report with certain information about the Agency’s expenditures and its progress in achieving certain performance measures and benchmarks. The bill also requires the Agency to

¹The Legislative Commission appointed Assemblyman Randy Kirner to the Committee on February 25, 2014, to replace Assemblyman Peter Livermore who resigned from the Committee. Assemblyman Livermore passed away on October 20, 2014.

submit biennially its proposed budget to the Fiscal Analysis Division of the LCB and the Director of the Department of Administration (DOA).

D. Meetings

During the 2013–2014 Interim, the Committee held six meetings in the Lake Tahoe Basin, which addressed a variety of issues, programs, and activities relevant to the TRPA and the MLWS. Each meeting focused generally on one topic, as follows:

1. February 20, 2014—Overview of the Committee, the TRPA, and the MLWS;
2. March 20, 2014—Forest Health in the Lake Tahoe Basin;
3. May 2, 2014—Economic Conditions in the Lake Tahoe Basin;
4. June 20, 2014—Transportation in the Lake Tahoe Basin;
5. August 4, 2014—Water; and
6. August 25, 2014—Work Session.

Some issues were addressed at multiple meetings, such as water and the Nevada Fire Safe Council’s (NFSC) outstanding debt for hazardous fuels treatment completed in the Lake Tahoe Basin. The discussion of water was considered during two meetings, starting with an overview of the Lake Tahoe Total Maximum Daily Load Program on June 20, 2014, followed by presentations on nearshore water clarity and aquatic invasive species (AIS) in the Lake Tahoe Basin on August 4, 2014. To view the meeting agendas and minutes, including copies of exhibits, please refer to the Committee’s webpage at: <http://www.leg.state.nv.us/Interim/77th2013/Committee/StatCom/Tahoe/?ID=53>.

During the 2013–2014 Interim, the Committee voted to request one bill draft (Appendix D) and to send seven Committee letters (Appendix C).

II. RECOMMENDATIONS FOR LEGISLATION OR OTHER COMMITTEE ACTION

At its final meeting and work session on August 25, 2014, the Committee considered seven proposed actions for legislation, letters, or statements in the final report. The sources of the recommendations included suggestions received during testimony at the five Committee meetings prior to the work session and any suggestions received in response to a memorandum from the Chair soliciting proposed actions prior to the August 25 meeting. The memorandum required the proposed actions to be in writing and received by Committee staff by August 14, 2014. The Committee’s recommendations are summarized below.

A. Nevada Fire Safe Council's Outstanding Debt

A recurring issue for the Committee is the outstanding debt of the NFSC. The NFSC had acted as an administrative clearinghouse for grants and as a community coordinator for fire prevention education, outreach, and work—contracting with numerous entities for hazardous fuels treatment in the Lake Tahoe Basin. In July 2011, the Office of Inspector General, United States Department of Agriculture, received a hotline complaint about the NFSC, and a subsequent investigation discovered various accounting irregularities. All relevant grant funding was suspended at the onset of the investigation; corrective actions were later taken. The entities who completed the hazardous fuels treatments in the Lake Tahoe Basin, per agreement with the NFSC, did so in good faith and continue to suffer economic damages from the stalled payments. The NFSC filed for bankruptcy in 2012, forcing many of these same entities to file claims in the bankruptcy proceedings for their completed work.

At each meeting of the 2013–2014 Interim, with the exception of the August 4, 2014, meeting, the Committee discussed the NFSC issue. The Committee dedicated a great deal of time on March 20, 2014, listening to testimony from individuals, businesses, and fire professionals who testified about the impact of the unpaid debt. California Assemblymember Brian Dahle, District 1, and his staff were joined by staff from the offices of U.S. Representative Doug LaMalfa (R-California) and U.S. Representative Tom McClintock (R-California), to share their concerns about the issue and to explore solutions with their neighbors in Nevada. The issue was also the focus of several news reports by Joe Hart of KRNV News 4 in Reno, Nevada.

Based upon the testimony received and Committee discussion, the Committee approved the following two actions, a letter and a bill draft request:

Prior to the Committee's work session, the Committee voted unanimously on May 2, 2014, to send a Committee letter to Eric H. Holder, Jr., Attorney General, U.S. Department of Justice (DOJ), to request assistance in securing the release of the federal grant funds to pay the long-standing debt for hazardous fuels treatment work completed in good faith. (Note: The letter was sent on June 16, 2014. Alexa Chappell, Intergovernmental Liaison, DOJ, responded in a letter received by Chair Sprinkle on September 29, 2014. The correspondence between the DOJ and the Committee is posted to the Committee's webpage at: <http://leg.state.nv.us/Interim/77th2013/Committee/StatCom/Tahoe/?ID=53>.)

On August 25, 2014, the Committee voted unanimously to request legislation for a resolution to urge Congress to facilitate the release of the federal grant funds previously awarded to the NFSC for hazardous fuels treatment in the Lake Tahoe Basin. (BDR R-431)

B. Lake Tahoe Aquatic Invasive Species Program

Quagga mussels were found in Lake Mead in January 2007, and later the same year the Lake Tahoe AIS Coordination Committee was formed. In 2009, the Lake Tahoe Region AIS Management Plan was approved by the governors of California and Nevada and the federal government. From 2009–2013, approximately 36,000 watercraft inspections and 14,000 decontaminations were conducted, and more than 30 acres of lake bottom was treated for weeds and Asian clams. At the August 4, 2014, meeting, Julie W. Regan, APR, Chief, External Affairs, TRPA, discussed the need for funding for the Lake Tahoe AIS Program because of an anticipated decline in federal funds, specifically from the Southern Nevada Public Land Management Act (SNPLMA) of 1998. Several other presenters voiced support for the additional funding at the August 4, 2014, meeting and provided letters of support prior to the Committee’s work session. In a letter to the Committee dated August 14, 2014, Joanne S. Marchetta, Executive Director, TRPA, reiterated the need for increased funding for the Lake Tahoe AIS Program and pointed out that Nevada is currently \$500,000 short of its one-third, two-thirds funding contribution ratio with California. According to Article VIII of the Compact, “Requests for State funds must be apportioned two-third from California and one-third from Nevada.”

Based upon this information, the Committee approved the following action:

On August 25, 2014, the Committee voted unanimously to send a letter to Governor Brian Sandoval in support of an increase in the Governor’s *Executive Budget* for the 2015–2017 Biennium in an amount up to \$500,000 in each fiscal year for the TRPA funding request for the Lake Tahoe AIS Program.

C. The Lake Tahoe Environmental Improvement Program

The Lake Tahoe Environmental Improvement Program (EIP) is a partnership between Nevada, California, the federal government, local governments, and the private sector. Nevada’s EIP projects are carried out by a State interagency team referred to as the “Nevada Tahoe Resource Team,” which is coordinated by the Division of State Lands (DSL) of the State Department of Conservation and Natural Resources (SDCNR). In 2009, the Nevada Legislature enacted A.B. 18 (Chapter 431, *Statutes of Nevada*), which was structured so that each legislative session, the DSL, as the coordinating entity for the EIP, would return to request legislative authorization for each installment of those bond sales. Assembly Bill 18 authorized the issuance of not more than \$100 million in general obligation bonds for the State’s apportioned share of the costs for the second phase of the EIP between July 1, 2009, and June 30, 2020. In 2011, the Committee sponsored legislation to authorize the sale of general obligation bonds for this purpose. Despite the enactment of the legislation, budgetary constraints resulted in a temporary suspension of bond sales. At the Committee meetings held on February 20, 2014, and March 20, 2014, the Committee received updates on the status of the bonds.

Based upon this information, the Committee approved the following action:

On August 25, 2014, the Committee voted unanimously to send a letter to Governor Brian Sandoval to urge the issuance of the general obligation bonds authorized, but not yet sold, by S.B. 438 (Chapter 437, *Statutes of Nevada 2011*) to fund Nevada's apportioned share of the costs for the Lake Tahoe EIP. Senate Bill 438 required an amount of not more than \$12 million through the sale of general obligation bonds be provided to carry out Nevada's share of the EIP. On March 11, 2014, the State Board of Finance approved the sale of \$1.5 million of these authorized bonds, and \$10.5 million remains to be issued.

D. Forest Health

The Committee devoted March 20, 2014, to forest health, which included an informational tour followed by a meeting. The California-Nevada Tahoe Basin Fire Commission, which convened after the Angora fire in 2007, recommended annual reporting from Nevada's Division of Forestry (NDF), SDCNR, pertaining to fire-fuels restoration activities and accomplishments in the Nevada portion of the Lake Tahoe Basin, and the statutory requirement was established through A.B. 75 (Chapter 144, *Statutes of Nevada 2009*). During a presentation of this annual report, the Committee was apprised of the update to the Lake Tahoe Basin Multi-Jurisdictional Fuel Reduction and Wildfire Prevention Strategy that was later released in August 2014. Eighteen agencies were involved in the update of the Strategy to summarize the roles and responsibilities of individuals and agencies involved with wildland fire management and prevention in the Lake Tahoe Basin.

Based on discussion of this issue, the Committee approved the following action:

On August 25, 2014, the Committee voted unanimously to send a letter to the Nevada State Office, Bureau of Land Management, U.S. Department of the Interior, and Nevada's Congressional Delegation, to commend the fire districts in the Lake Tahoe Basin for their work and to encourage continued funding of hazardous fuels projects in the Lake Tahoe Basin from SNPLMA. (Note: This issue was brought to the Committee's attention at the June 20, 2014, meeting by James R. Lawrence, Special Advisor to the Director, SDCNR.)

E. Transportation

One of the transportation issues discussed by the Committee on June 20, 2014, was the Stateline-to-Stateline Bikeway, also known as "America's Most Beautiful Bikeway." The goal is to complete a premiere separated bikeway circling Lake Tahoe that connects communities, enhances recreational opportunities, expands transportation choices, and promotes the enjoyment of the Lake Tahoe Basin. Separated bicycle paths are limited on the Nevada side of the lake where popular beaches are accessed primarily by car. Environmental benefits of expanded bikeways may include reduced emissions and fewer erosion and water quality

consequences from widespread shoulder parking, which also contributes to public safety concerns. Funding needs for Nevada's portion of the Stateline-to Stateline Bikeway persist.

Voter approval of Ballot Question No. 1 on November 5, 2002, authorized the State of Nevada to issue general obligation bonds in an amount not to exceed \$200 million in order to preserve water quality; protect open space, lakes, rivers, wetlands, and wildlife habitat; and restore and improve parks, recreational areas, and historic and cultural resources. The question was considered in the 2001 Legislature as A.B. 615, and it was ultimately authorized in A.B. 9 (Chapter 6, *Statutes of Nevada 2001, 17th Special Session*). The money from the bonds was to be allocated to seven areas, including \$65.5 million to the DSL, to provide grants for State agencies, local governments, or qualifying private nonprofit organizations for various programs, including conservation easements. Budgetary constraints resulted in a temporary suspension of bond sales.

Based upon this information, the Committee approved the following action:

On August 25, 2014, the Committee voted unanimously to send a letter to Governor Brian Sandoval in support of issuing the general obligation bonds authorized, but not yet issued, for the Conservation and Resource Protection Grant Program, commonly referred to as the "Question 1 Program." Specifically, the letter would support the \$2.1 million that is designated for the Stateline-to-Stateline Bikeway. On March 11, 2014, the State Board of Finance approved the sale of \$1.25 million of these authorized bonds. There is a remaining authority to issue more than \$19 million in these bonds.

On June 20, 2014, the Committee received a status update on the shuttle service operated by the Tahoe Transportation District (TTD) between Incline Village and Sand Harbor State Park. The shuttle service offers some benefits such as allowing increased visitors despite limited onsite parking, and enabling park staff to focus on issues within the perimeter of the park rather than conducting traffic control and/or issuing citations. Notably, it has been instrumental in accomplishing the public safety goals of the Division of State Parks, SDCNR; Nevada Highway Patrol, Department of Public Safety; and Nevada's Department of Transportation by reducing traffic congestion on State Route 28 and reducing the number of pedestrians walking in or adjacent to the highway travel lanes.

Based upon this information, the Committee approved the following action:

On August 25, 2014, the Committee voted unanimously to send a letter to Governor Brian Sandoval in support of an increase in the Governor's *Executive Budget* for the 2015–2017 Biennium in the amount of \$85,000 in each fiscal year for the Division of State Parks, SDCNR. These funds will provide a match for federal transportation funding that was previously matched by SNPLMA funds. This will allow continued operation of the shuttle service operated by the TTD between Incline Village and Sand Harbor State Park.

At the June 20, 2014, Committee meeting, Carl Hasty, District Manager, TTD, discussed what he referred to as a “technical rule anomaly,” which negatively impacts the federal funding received by the Tahoe Metropolitan Planning Organization (TMPO). Mr. Hasty explained that the designation as a rural entity, not an urban one, under the current federal Moving Ahead for Progress in the 21st Century Act of 2012 (“Map-21”; Public Law 112-141) designation criteria for the TMPO means that it receives planning funds but not transit operating formula funds or formula capital funds. He explained that given the dominance of federal land ownership at Lake Tahoe (approximately 80 percent), the policy direction of the Compact to provide alternatives to the automobile, and the large number of visitors (more than 6.5 million annually) that come to enjoy Lake Tahoe, significant operating funds are necessary to provide an effective region-wide transit system.

Based upon this information, the Committee approved the following action:

On August 25, 2014, the Committee voted unanimously to send a letter to all of Nevada’s Congressional Delegation and those in California’s Congressional Delegation whose districts include a portion of the Lake Tahoe Basin, in support of a revision to technical language in the reauthorization of Map-21 to allow the TMPO to receive federal formula funds for capital projects and transit services under Map-21.

III. OVERVIEW OF THE TAHOE REGIONAL PLANNING COMPACT

Previous reports of the TRPA and MLWS legislative committees contain extensive background information and prior recommendations concerning the history of the TRPA and the Compact. Copies of these reports are available online at <http://www.leg.state.nv.us/Division/Research/Publications/DivStudyLegReport.cfm> or by calling the LCB Publications Office at (775) 684-6835. The following is a summary of select topics that may be of particular interest.

A. Update on Revisions to the Environmental Thresholds and the 1987 Regional Plan

Planning requirements of the TRPA are outlined in Article V of the Compact. As revised in 1980, the Compact required the TRPA to adopt environmental threshold carrying capacities (“thresholds”) a regional plan, and ordinances designed to achieve the thresholds. The TRPA’s Governing Board adopted the thresholds in 1982 after various delays in part due to litigation.

Since 2002, the TRPA has been actively working to update the thresholds and the 1987 Regional Plan. This collaborative process was previously referred to as “Pathway 2007.” Self-imposed deadlines passed and agreement eluded the various representatives involved in the effort. The 2011 Legislature enacted S.B. 271, sharpening both states’ focus on completing the Regional Plan Update (RPU).

On December 12, 2012, the TRPA’s Governing Board approved and adopted the RPU and the Regional Transportation Plan Update. Most updates and amendments approved on December 12, 2012, were expected to take effect 60 days after approval. On February 11, 2013, Earthjustice, representing the Sierra Club and Friends of the West Shore (“plaintiffs”), filed a complaint for declaratory and injunctive relief, challenging the updates with the U.S. District Court for the Eastern District of California—Sacramento Division. On March 26, 2014, oral arguments were heard by U.S. District Court Judge John A. Mendez, and on April 7, 2014, he ruled in favor of the TRPA, affirming the RPU. On May 7, 2014, the plaintiffs filed an appeal to the 9th Circuit Court of Appeals in San Francisco. Mediation between the two sides was ruled out on June 17, 2014, and the plaintiffs filed their opening brief on September 30, 2014. On November 28, 2014, the TRPA filed its answering brief. The litigation continues.

With adoption of the 2012 RPU, an area planning process was established to streamline the permitting process and focus the TRPA’s resources on regional priorities. Federal, local, state, and tribal governments are encouraged to adopt area plans to supersede any older plans for specific geographic areas; however, before taking effect, area plans must be in conformance with the RPU.

B. Recent Legislation Relevant to Nevada’s Continued Participation in the Tahoe Regional Planning Compact

2011—Nevada Legislation

Governor Brian Sandoval signed S.B. 271 into law on June 17, 2011, which provided for the withdrawal of Nevada from the Compact under certain circumstances. Senate Bill 271 specified that, if Nevada withdrew from the Compact, the Nevada TRPA (NRS 278.792) would assume the duties and powers currently held by the TRPA for the portion of the Lake Tahoe Basin within this State.

2013—Nevada Legislation

Senate Bill 229 repealed most of the provisions of S.B. 271 of the 2011 Legislative Session, including the change in vote requirements for the TRPA’s Governing Board and Nevada’s certain withdrawal from the Compact, dependent on certain actions by California and Congress. This repeal occurred upon enactment of legislation by California that was effective on or before January 1, 2014, which included the following amendments to the Compact:

- The TRPA must act in accordance with the requirements of the Compact and the implementing ordinances, rules, and regulations of the Compact when adopting or amending a regional plan and when taking an action or making a decision, and any party who challenges the RPU or such an action or a decision of the TRPA has the burden of showing that the RPU violates those requirements; and

- The TRPA’s planning commission and governing body shall ensure the RPU of the TRPA reflects changing economic conditions and the economic effect of regulation on commerce.

Further, in its legislation, California must agree: (1) to cooperate with Nevada in seeking to have Congress ratify these changes to the Compact; (2) to find and declare support for the full implementation of the RPU adopted by the TRPA on December 12, 2012; and (3) to acknowledge the authority of either California or Nevada to withdraw from the Compact pursuant to the Compact or state laws.

Senate Bill 229 required the Governor of Nevada to issue a proclamation when California had taken such action, and if such a proclamation was not issued on or before January 1, 2014, the bill would have expired by limitation on January 2, 2014, and the provisions of S.B. 271 would not have been repealed.

2013—California Legislation Prompts Nevada Governor’s Proclamation

California S.B. 630 was approved by the Governor of California on October 12, 2013, thereby enacting in California law certain requirements outlined in S.B. 229. Governor Brian Sandoval issued a proclamation on December 19, 2013, acknowledging that California had enacted legislation as specified in S.B. 229 and retiring the threat of Nevada’s withdrawal from the Compact. (See Appendix B.)

IV. THE MARLETTE LAKE WATER SYSTEM

To appreciate the historical significance of the MLWS, it is important to understand its historic context. The Comstock Lode, one of the richest mining areas in the world, was discovered in 1859 on the eastern flank of Mount Davidson in the Virginia Range. The Virginia Mining District was the first mining district organized in the western Utah Territory, and Virginia City was one of the greatest mining towns of its day. Together, with nearby Gold Hill and Silver City, these three towns supported large populations in the 1860s, 1870s, and 1880s. Providing water to the mining towns on the Comstock posed a serious problem in early Nevada. Originally, several nearby springs and streams fed a series of tunnels, flumes, pipes, ditches, and reservoirs. By the early 1870s, however, these supplies of water had become inadequate to support the growing population.

In August 1871, the Virginia and Gold Hill Water Company decided to develop a water system stretching more than 21 miles west to the Carson Range—part of the Sierra Nevada mountain range. Surface water was plentiful in the Carson Range, but the key was bringing water out of the western mountains, across Washoe Valley, and back up the Virginia Range to Virginia City (at an elevation of 6,220 feet). The solution was an inverted siphon pressure pipeline designed by Hermann Schussler, a German-born engineer from San Francisco. In August 1873, the first water from Hobart Creek in the Carson Range reached Virginia City and Gold Hill.

In 1876, the Virginia and Gold Hill Water Company received permission to draw water from Marlette Lake. A covered box flume was constructed from Marlette Lake, north along the mountainside above Lake Tahoe, to the west portal of a 3,994-foot tunnel driven through the granite ridge dividing the Lake Tahoe drainage from the Hobart Creek drainage. A secondary flume north of the tunnel captured water from many small creeks on the west side of the mountain, bringing the water to the tunnel to join with the flow from Marlette Lake. With this increased water availability, a storage reservoir was needed at Hobart Creek to regulate the discharge of water, and thus the Hobart Reservoir was created.

With the decline of the Comstock in the years and decades to come, the fortunes of the water system suffered. In 1933, the water company's name was changed to the Virginia City Water Company. By 1941, the company started to remove parts of the first (1873) and third (1887) pipelines to replace the flume between Five-Mile Reservoir and Virginia City. Continued failures in the aging pipeline and a lack of funds caused the company to sell the water system to the Curtiss-Wright Corporation in 1957, which planned to use water from the system for a proposed missile test site on lands it owned in Storey County. However, the contract for the missile testing program was never approved. The Curtiss-Wright Corporation subsequently sold it to the Marlette Lake Company.

In 1963, the Marlette Lake Company offered to sell the water system to the State of Nevada for \$1.65 million of the State's general obligation bonds. Included in the sale approved by the 1963 Legislature were water rights, over 5,300 acres of land, easements, pipelines, flumes, the Red House Diversion Structure, the caretaker's house at Lakeview (Lakeview House, 1873), and other water facilities. Administration of the system was assigned to Nevada's DOA.

For many years, the State of Nevada was able to provide water to its Capitol complex and the maximum security prison, in addition to the water it continued to provide to Virginia City. Subsequently, the State began selling water to Carson City, particularly during periods of peak demand. In 1974, a contract was signed between the State of Nevada and Storey County to ensure the supply of water by the State to Gold Hill, Silver City, and Virginia City on a continual basis, and to convey from the State to Storey County the siphon system and relevant rights-of-way east of Highway 395 at Lakeview. In 1975, the MLWS was designated a Historic Civil Engineering Landmark. It was the first American system developed to overcome mountainous topography.

Committee members received an overview of the MLWS, including recent capital improvements and continuing infrastructure needs, at its meeting on February 20, 2014, before touring the infrastructure of the MLWS on August 25, 2014.

V. INFORMATIONAL TOURS

The Committee participated in five informational tours.

1. March 20, 2014

Committee members were joined on an informational tour by agency representatives from the North Lake Tahoe Fire Protection District, Tahoe-Douglas Fire Protection District, the SDCNR, the TRPA, and the Lake Tahoe Basin Management Unit of the U.S. Forest Service on March 20, 2014. The Committee visited forest fuels treatment areas to see firsthand the effects of understory burning and hand thinning projects that have taken place over nearly 20 years. Weather conditions permitted the Committee to observe a controlled burn that was taking place in Tunnel Creek during the tour.

2. May 2, 2014

On May 2, 2014, Betty “B” Gorman, President/Chief Executive Officer, Lake Tahoe South Shore Chamber of Commerce, coordinated an informational tour of the commercial core area in the south shore of Lake Tahoe for the Committee to visit several redevelopment projects in varying stages of completion, including the following:

- The Landing Spa & Resort;
- Lake Tahoe Resort Hotel;
- Tahoe Beach Club;
- The Chateau Project; and
- Edgewood Tahoe Lodge Project.

The Chateau Project in South Lake Tahoe, California, near Stateline, Nevada, has been closely watched by local residents as it stalled after construction began—when bankruptcy interrupted the development—leaving a concrete pad with some columns and rebar. It became known as “The Hole” to people in the community who waited more than five years for the construction to resume. The new owner, Owens Financial Group, created Tahoe Stateline Ventures LLC to develop the property, and several spaces had been leased at the time of the Committee’s tour.

3. June 20, 2014

On June 20, 2014, the TTD coordinated a tour of various transportation-related projects for the Committee. In order to make efficient use of the Committee’s time, a water quality project in close proximity to the transportation-related sites was visited at the intersection of Harold Drive and Village Boulevard in Incline Village. Elizabeth Harrison, Lake Tahoe Program Coordinator, DSL, SDCNR, provided an overview of the project.

The transportation-related sites visited included:

- The roundabout at the intersection of State Route 28 and State Route 431;
- The North Demonstration Project area (bikeway alignment) along State Route 28 near the Tunnel Creek Trailhead;
- Spooner State Park; and
- Sand Harbor State Park.

Representatives from Douglas County; Incline Village General Improvement District; Nevada Highway Patrol, Department of Public Safety; Nevada's Department of Transportation; Division of State Parks, SDCNR; Tahoe Fund; TRPA; TTD; and Washoe Regional Transportation Commission participated in this informational tour addressing primarily transportation and public safety projects in the Lake Tahoe Basin.

4. August 4, 2014

Despite light but steady rainfall, the Committee toured various environmental improvement projects via a TRPA boat on August 4, 2014. Departing from the Cave Rock Management Area, Lake Tahoe Nevada State Park, the Committee viewed the Asian clam control project in Emerald Bay. Five acres of rubber mats were laid on the lake bottom in 2012 for a pilot project to smother and kill the Asian clam infestation by starving it of oxygen. Early sampling indicated at least a 90 percent mortality rate among the Asian clams in the treated area.

Eurasian water-milfoil and Asian clams were also viewed in Ski Run Marina. A few hours after the Committee viewed Ski Run Marina, the Tahoe Queen—a paddle wheeler with approximately 300 persons aboard—ran aground on a sandbar near Regan Beach due to the extremely low water levels.

5. August 25, 2014

The Committee toured portions of the historic MLWS on August 25, 2014. The following agency representatives joined the Committee for this tour:

- Charles Donohue, Administrator and State Land Registrar, DSL, SDCNR;
- Blake Gudmundson, Water System Operator, State Public Works Division, DOA;
- Nick Marano, City Manager, Consolidated Municipality of Carson City;
- Mike Nevin, Public Works Director, Storey County;
- Gus Nuñez, Administrator, State Public Works Division, DOA;
- Rit Palmer, Water Operations Supervisor, Consolidated Municipality of Carson City;

- Darren Schulz, Public Works Director, Consolidated Municipality of Carson City;
- Roland Shaw, Forester, Division of Forestry, SDCNR;
- Julia Teska, Director, DOA; and
- Jerry Walker, Water System Manager, State Public Works Division, DOA.

VI. CONCLUDING REMARKS

This report presents a summary of the bill draft requested by the Committee for discussion before the 2015 Nevada Legislature and other actions to express its position on matters pertinent to the Lake Tahoe Basin. Persons wishing to have more specific information concerning these issues may find it useful to review the “Summary Minutes and Action Report” and related exhibits for each of the Committee meetings at: <http://www.leg.state.nv.us/Interim/77th2013/Committee/StatCom/Tahoe/?ID=53>.

The Committee would like to thank all of the federal, State, and local agencies; businesses; nonprofit organizations; professional organizations; the TRPA; and the public for their contributions to the work of the Committee during the 2013–2014 Interim. The members appreciate the time and expertise of those who testified at each meeting including the staff from the legislative and executive branches of California.

VII. APPENDICES

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APPENDIX A

Nevada Revised Statutes 218E.555

Nevada Revised Statutes

NRS 218E.555 Creation; membership; budget; officers; terms; vacancies; reports.

[Effective October 1, 2015, unless: (1) on or before January 1, 2014, the Governor of this State issues a proclamation that the State of California has enacted legislation which satisfies the requirements set forth in section 7 of chapter 424, Statutes of Nevada 2013, at page 2368; or (2) before October 1, 2015, the amendments to the Tahoe Regional Planning Compact proposed by this State in 2011 are approved pursuant to Public Law 96-551, the State of California enacts amendments that are substantially identical to those amendments, and the governing board of the Tahoe Regional Planning Agency adopts an update to the 1987 Regional Plan, or effective October 1, 2017, if those events have not taken place by July 1, 2015, and the Governor of this State issues a proclamation before October 1, 2015, that those events are likely to take place in the reasonably foreseeable future but those events do not take place by September 30, 2017.]

1. There is hereby created the Legislative Committee for the Review and Oversight of the Nevada Tahoe Regional Planning Agency and the Marlette Lake Water System consisting of three members of the Senate and three members of the Assembly, appointed by the Legislative Commission with appropriate regard for their experience with and knowledge of matters relating to the management of natural resources. The members must be appointed to provide representation from the various geographical regions of the State.

2. The Legislative Commission shall review and approve the budget and work program for the Committee and any changes to the budget or work program.

3. The members of the Committee shall elect a Chair from one House and a Vice Chair from the other House. Each Chair and Vice Chair holds office for a term of 2 years commencing on July 1 of each odd-numbered year.

4. Any member of the Committee who is not a candidate for reelection or who is defeated for reelection continues to serve after the general election until the next regular or special session convenes.

5. Vacancies on the Committee must be filled in the same manner as original appointments.

6. The Committee shall report annually to the Legislative Commission concerning its activities and any recommendations.

(Added to NRS by [2003, 2504](#); A [2009, 1152,1562](#); [2011, 3227,3734](#); [2013, 2367](#), effective October 1, 2015, unless: (1) on or before January 1, 2014, the Governor of this State issues a proclamation that the State of California has enacted legislation which satisfies the requirements set forth in section 7 of chapter 424, [Statutes of Nevada 2013, at page 2368](#); or (2) before October 1, 2015, the amendments to the Tahoe Regional Planning Compact proposed by this State in 2011 are approved pursuant to Public Law 96-551, the State of California enacts amendments that are substantially identical to those amendments, and the governing board of the Tahoe Regional Planning Agency adopts an update to the 1987 Regional Plan, or effective October 1, 2017, if those events have not taken place by July 1, 2015, and the Governor of this State issues a proclamation before October 1, 2015, that those events are likely to take place in the reasonably foreseeable future but those events do not take place by September 30, 2017)—(Substituted in revision for NRS 218.53871)

APPENDIX B

Proclamation by the Governor



A Proclamation by the Governor

WHEREAS, Nevada Senate Bill 271 of the 76th Legislative Session (2011), hereafter referred to as Senate Bill 271, was signed into law on June 17, 2011; and

WHEREAS, Senate Bill 271 provided that the State of Nevada would withdraw from the Tahoe Regional Planning Compact on October 1, 2015, unless certain milestones were met, including certain amendments to the Tahoe Regional Planning Compact and the adoption of an update to the 1987 Regional Plan by the governing board of the Tahoe Regional Planning Agency; and

WHEREAS, on December 12, 2012, the governing board of the Tahoe Regional Planning Agency approved an update to the 1987 Regional Plan thus satisfying one of the milestones identified in SB 271; and

WHEREAS, Senate Bill 229 of the 77th Legislative Session (2013), hereafter referred to as Senate Bill 229, was signed into law on June 6, 2013, to, in part, address additional milestones; and

WHEREAS, Senate Bill 229 specifically amends Nevada statutes regarding the Tahoe Regional Planning Compact to (1) require the consideration of economic conditions and economic effects in adopting regional plans, and (2) provide that the burden of proof is upon a party challenging the regional plan, or an act or decision pursuant to the regional plan, to show that the plan is not in conformance with the requirements applicable to the Tahoe Regional Planning Compact or that the act or decision is not in conformance with the requirements of the plan; and

WHEREAS, Senate Bill 229 also provides for the repeal of certain provisions set forth in SB 271, including the provision for Nevada to withdraw from the Tahoe Regional Planning Compact, provided that the Governor of the State of Nevada issues a proclamation finding that legislation enacted by the State of California meets certain standards established in SB 229; and

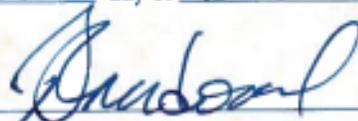
WHEREAS, California Senate Bill 630 was approved by the Governor of California on October 12, 2013, thereby enacting in California law certain requirements outlined in Senate Bill 229; and

WHEREAS, California Senate Bill 630 becomes effective on January 1, 2014;

NOW, THEREFORE, I, BRIAN SANDOVAL, GOVERNOR OF THE STATE OF NEVADA, do hereby proclaim that the State of California has enacted legislation that:

(1) Adopts amendments to the Tahoe Regional Planning Compact that are substantially identical to the amendments contained in section 1.5 of chapter 530, Statutes of Nevada 2011, at page 3711, as amended by section 2 of Senate Bill 229; (2) Agrees to cooperate with the State of Nevada in seeking to have the changes to the Tahoe Regional Planning Compact contained in section 1.5 of chapter 530, Statutes of Nevada 2011, at page 3711, as amended by section 2 of Senate Bill 229, approved by Congress; (3) Adopts amendments to the Tahoe Regional Planning Compact substantially identical to the amendments contained in NRS 277.200, as amended by section 1 of Senate Bill 229; (4) Finds and declares support for the full implementation of the regional plan update adopted by the Tahoe Regional Planning Agency in December of 2012; and (5) Acknowledges the authority of either the State of California or the State of Nevada to withdraw from the Tahoe Regional Planning Compact pursuant to subdivision (c) of Article X of the Compact or pursuant to any other provision of the laws of each respective State.

In Witness Whereof, I have hereunto set my hand and caused the Great Seal of the State of Nevada to be affixed at the State Capitol in Carson City, this 19th day of December, 2015



By the Governor: Governor



Secretary of State

By _____
Deputy



APPENDIX C

Committee Letters

MICHAEL C. SPRINKLE
ASSEMBLYMAN
District No. 30



DISTRICT OFFICE:
P.O. Box 51202
Sparks, Nevada 89435-1202
Office: (775) 742-5935
Email: sprinkleforassembly@gmail.com

COMMITTEES:
Member
Health and Human Services
Transportation
Ways and Means

LEGISLATIVE BUILDING:
401 South Carson Street
Carson City, Nevada 89701-4747
Office: (775) 684-8841
Fax No.: (775) 684-8533
Email: Mike.Sprinkle@asm.state.nv.us
www.leg.state.nv.us

State of Nevada Assembly

Seventy-Seventh Session

June 16, 2014

The Honorable Eric H. Holder, Jr.
Attorney General
United States Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

Re: Outstanding Debt of the Nevada Fire Safe Council

Dear Attorney General Holder:

I am writing to you on behalf of Nevada's Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency and the Marlette Lake Water System (Committee) to request your assistance in securing the release of federal grant monies previously awarded to the Nevada Fire Safe Council (NFSC) for hazardous fuels treatment in the Lake Tahoe Basin.

On March 20, 2014, the Committee heard testimony from representatives of both North Lake Tahoe Fire Protection District and Tahoe Douglas Fire Protection District and private citizens from California and Nevada regarding outstanding debt for work each had performed in the Lake Tahoe Basin per agreements with the NFSC. On May 2, 2014, the Committee voted unanimously to send a letter to the U.S. Department of Justice urging the immediate release of the federal grant monies previously awarded to the NFSC for these same projects.

The NFSC acted as an administrative clearinghouse for grants and as a community coordinator for fire prevention education, outreach, and work—contracting with numerous entities for hazardous fuels treatment in the Lake Tahoe Basin. In July 2011, the Office of Inspector General (OIG), U.S. Department of Agriculture, received a hotline complaint about the NFSC, and a subsequent investigation discovered various accounting irregularities. All relevant grant funding was suspended at the onset of the investigation; corrective actions were later taken. The entities who completed the hazardous fuels treatments in the Lake Tahoe Basin, per agreement with the NFSC, did so in good faith and continue to suffer economic damages from the now nearly three-year delay in payments.



The Honorable Eric H. Holder, Jr.

Page 2

June 16, 2014

The following two background documents are attached:

- An OIG audit report dated January 4, 2012; and
- A one-page summary provided to the Committee by the Tahoe Douglas Fire Protection District of the identified deficiencies and resolutions.

Unpaid contractors implored the Committee to assist them in resolving this issue, and I now request that you take whatever action is necessary to facilitate the release of these federal grant monies to pay the long-standing debt for work completed in good faith. Please contact me at 775/742-5935, if you have any questions. I would appreciate your candid advice, if there is any action I, or the Committee, might take to satisfy any outstanding concerns preventing the release of the grant monies.

Sincerely,



Assemblyman Michael Sprinkle, Chair
Legislative Committee for the Review and
Oversight of the Tahoe Regional Planning Agency
and the Marlette Lake Water System

MS/Ig:W141828

Attachments

cc: Karen Wilson, Office of Legislative Affairs, U.S. Department of Justice (via e-mail)
The Honorable Dean Heller, U.S. Senator, Nevada
The Honorable Harry Reid, U.S. Senate Majority Leader, Nevada
The Honorable Mark Amodei, Congressman, 2nd District, Nevada
The Honorable Joe Heck, Congressman, 3rd District, Nevada
The Honorable Steven Horsford, Congressman, 4th District, Nevada
The Honorable Dina Titus, Congresswoman, 1st District, Nevada



United States Department of Agriculture
Office of Inspector General
Washington, D.C. 20250



DATE: January 4, 2012

AUDIT
NUMBER: 08703-5-SF (10)

TO: Thomas L. Tidwell
Chief
Forest Service

ATTN: Donna M. Carmical
Chief Financial Officer

FROM: Gil H. Harden /s/
Assistant Inspector General
for Audit

SUBJECT: Grant Recipient Had Inadequate Controls to Account for Its Recovery Act
Grants – The Recovery Act - Forest Service (FS) Hazardous Fuels Reduction and
Ecosystem Restoration on Non-Federal Lands (10)

The American Recovery and Reinvestment Act of 2009¹ (Recovery Act) provided the Department of Agriculture (USDA) with \$28 billion in funding, \$1.15 billion of which was allotted to the Forest Service (FS) to implement projects that accomplish its mission of sustaining the nation's forests and grasslands, creating jobs, and promoting U.S. economic recovery. FS' Wildland Fire Management (WFM) program was allocated \$200 million² in grant funding for FS to implement activities on State, county, and private lands.³ FS implements this program to operate projects with State, local and Tribal governments, and non-profit organizations that submit grant proposals to FS. FS approved 152 WFM projects on non-Federal lands from May through September 2009, including a project to perform hazardous fuels treatments on non-Federal lands in the Lake Tahoe Basin. FS awarded a \$3.6 million Recovery Act grant to the Nevada Fire Safe Council (the Council) to implement this project.

¹ Public Law 111-5, February 17, 2009.

² This amount excludes \$50 million designated for non-Federal wood to energy grants.

³ These activities include hazardous fuels reduction, forest health, and ecosystem improvements.

Congress, in enacting the Recovery Act, emphasized the need for accountability and transparency in the expenditure of funds. Further, in February 2009, the Office of Management and Budget (OMB) issued initial guidance that required Federal agencies to establish rigorous internal controls, oversight mechanisms, and other approaches to meet the accountability objectives of the Recovery Act.⁴ OMB issued additional guidance in April 2009 to clarify existing requirements and establish additional steps to facilitate accountability and transparency. Moreover, OMB emphasized that, due to the unique implementation risks of the Recovery Act, agencies must take steps, beyond standard practice, to initiate the additional oversight mechanisms.⁵ The USDA's Office of Inspector General (OIG) was charged with overseeing FS and other agencies' activities in order to ensure Recovery Act funds are spent in a manner that minimizes the risk of improper use.

In July 2011, we reviewed a hotline complaint alleging that the Council was not conducting a fair and competitive bidding process when hiring contractors to perform the work related to the Recovery Act grant agreement, and that certain bids were being saved for local fire departments, who were charging excessive prices to perform hazardous fuels treatments on non-Federal lands in the Lake Tahoe Basin. Our review of the complaint concluded that the Council had awarded contracts associated with the Recovery Act grant in a non-competitive manner. However, we are still reviewing the complaint to determine whether excessive prices were charged due to the lack of competition. We will be reporting our final conclusions regarding the complainant's allegations in our final report.

During our review of the hotline complaint, we found that the Council did not properly account for the grant funds FS awarded, including the \$3.6 million Recovery Act grant and also a \$6.2 million non-Recovery Act grant (a total of \$9.8 million in Federal funds).⁶ Funds from these (and other) Federal grants were commingled with the Council's own funds and used to pay unauthorized expenses. Federal regulations prohibit the commingling of Federal grant funds with funds from other sources, and require grant recipients to maintain separate accounting over grant funds to ensure the funds are used for authorized purposes only.⁷ Further, we found that the Council's executive director was handling all aspects of transactions involving the grants (i.e., receiving the funds, depositing the funds, and disbursing the funds), although Federal regulations require key accounting functions to be segregated to reduce the risk of error and fraud.⁸ Additionally, we also found that the Council was routinely requesting reimbursements for expenses it had not yet paid. Finally, we found that the Council had not been audited, as required by Federal regulations, since 2006.⁹

⁴ OMB M-09-10, *Initial Implementing Guidance for the Recovery and Reinvestment Act of 2009*, February 18, 2009.

⁵ OMB M-09-15, Updated OMB M-09-10, *Initial Implementing Guidance for the Recovery and Reinvestment Act of 2009*, April 3, 2009.

⁶ The non-profit was awarded two FS grants: the non-Recovery Act grant for \$6.2 million in February 2009 and the Recovery Act grant for \$3.6 million in July 2009.

⁷ OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations*, September 30, 1999.

⁸ OMB Circular A-133, *Compliance Supplement*, Part 6, March 2009.

⁹ OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, June 26, 2007, states, "Non-federal entities that expend more than \$500,000 or more in a year in Federal awards shall have a single or program-specific audit conducted in accordance with the provision of this part."

Even though the FS grant agreement stated the Council was subject to a number of specific OMB requirements, the executive director maintained that he was unaware of these requirements. He also attributed the failure to complete the required audits as an oversight. We were able to obtain only limited information from the executive director regarding his grant accounting practices because he left the Council soon after we began our review. Considering the magnitude of the control deficiencies noted during our review, we questioned the Council's ability to properly account for the FS grant funds that it was awarded since 2009. Of the \$9.8 million FS awarded to the Council, it received \$3.6 million of Recovery Act funds and \$2.65 million of non-Recovery Act funds (a total of \$6.25 million) as of the date of this Fast Report. So far, we are questioning \$2.7 million of the Recovery Act-funds the Council received as unallowable. Although subject to the same control deficiencies, we have yet to review the FS non-Recovery Act grant. We are reporting this issue in a Fast Report so that FS is timely notified of the problem and can take immediate action to correct it. This issue, along with other issues identified, will be consolidated into a final report at the conclusion of our fieldwork.

Federal regulations require recipients to properly account for the receipt, obligation and expenditure of Federal grant funds. Federal regulations also require that key accounting functions be segregated among different people to reduce the risk of error and fraud. Finally, Federal regulations require that recipients funded on a reimbursement basis pay their grant-related expenditures before requesting reimbursements from the Federal awarding agency and that non-Federal entities expending more than \$500,000 in Federal funds be audited annually.¹⁰

The following describes in more detail the control deficiencies we found during our review of the recipient's Recovery Act grant:

Council Commingled Recovery Act Grant Funds with Other Funds

Commingling is the act of mixing funding belonging to one grant with the funds belonging to another grant or funding source and is prohibited by OMB.¹¹ Grant recipients are required to maintain records which identify the source and use of funds provided for each grant-funded activity. These records must contain information documenting each grant's authorizations, obligations, unobligated balances, assets, liabilities, expenditures, and income. In addition, OMB issued Circular 09-15 in April 2009, specifically directing grant recipients to separately identify the source and use of Recovery Act funds, and prohibiting grant recipients from comingling Recovery Act funds with other Federal funding.¹² Further, Federal regulations specify that grant recipients must implement effective internal controls to ensure Federal grant

¹⁰ OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, June 26, 2007.

¹¹ Federal regulations have defined commingling as depositing or recording funds in a general account without the ability to identify each specific source of funds for any expenditure. Grant funds can only be consolidated with other Federal, State, local, and private funding sources if there is a clear audit trail linking expenditures to the applicable Federally-awarded funds.

¹² OMB Circular 09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, April 3, 2009.

funds are used only for authorized purposes and that expenditures financed with Federal funds are properly charged only to those projects supported by the grant.¹³

The Council did not properly account for its FS Recovery Act grant funds, but, instead, commingled \$2.7 million of the \$3.6 million in FS Recovery Act grant funds it received with funds it received from other sources. Essentially, the Council treated the FS Recovery Act grant funds as simply another income source and used the funds to pay a variety of expenses, rather than separately identifying and tracking the source and use of the FS grant funds as required. As a result, the Council may have used \$2.7 million of the FS Recovery Act grant funds to pay for non-Recovery Act costs, during the 2-year period we reviewed.

Commingled costs cannot be charged to Federal grants because it reduces or eliminates a grant recipient's ability to identify which portion of the commingled costs relate to authorized grant work and which do not. It also results in unallowable costs being charged to FS grants. For example, the Council received \$800,188 from its \$3.6 million FS Recovery Act grant in January 2011. Under OMB rules, the Council was required to use that money solely to pay for authorized expenses incurred while performing Recovery Act grant work. However, the Council only used \$95,578 of the \$800,188 it received in January 2011 to reimburse legitimate grant expenses, and deposited the remaining \$705,611 into an account that commingled funds from both the Recovery Act grant and other Federal grants. Over a 2-year period, the Council deposited \$2.7 million of the FS Recovery Act grant funds it received into the commingled account. The Council did not identify the source of the funds once they were deposited into the account; it simply lumped all the funds together. The Council then used the money in the account to pay various expenses, such as rent, utilities, and other non-FS grant costs, even though none of the costs were authorized by the FS Recovery Act grant. As a result of the Council's commingling practices, it was not readily apparent which portion, if any, of the \$2.7 million was actually used to pay authorized Recovery Act grant expenses. Without the proper support for the expenditures charged to the FS grants, we are questioning the entire \$2.7 million of Recovery Act grant expenses as unallowable.

We further determined that the Council's commingling activities were exacerbated by the fact that it routinely, and inappropriately, requested FS Recovery Act grant "reimbursements" for expenses it had not yet paid. The Council was subject to the requirements of OMB Circular A-133, which specified that grant recipients can only be reimbursed for costs they have already paid.¹⁴ On every reimbursement request we reviewed, the Council certified that it had already paid the expenses for which it was claiming reimbursement when, in fact, it had not. Upon receiving these "reimbursements," rather than immediately utilizing the funds to pay for authorized Recovery Act grant expenses, the Council's executive director deposited the Recovery Act grant funds into the commingled account and used them to pay unauthorized expenses associated with other, non-FS grants.

¹³ 7 CFR Part 3015, *Uniform Federal Assistance Regulations*, October 18, 2007.

¹⁴ OMB Circular A-133, *Compliance Supplement*, Section 3-C-1, March 2011, states, "When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government."

We discussed the commingling with the Council's Board of Directors, who asserted that they had no knowledge of the commingling because the Council's executive director, who no longer works for the Council, had been solely responsible for managing the Council's finances. The Board acknowledged that commingling Federal funds was not acceptable and expressed their intention of immediately strengthening their internal accounting controls to correct the deficiency.

Council's Key Accounting Duties Not Properly Segregated

OMB requires that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.¹⁵ A fundamental element of internal control is the segregation of key duties, so that one single individual does not have the ability to make accounting errors (either intentionally or unintentionally) and to also cover them up. The absence of properly segregated duties is commonly cited as the primary factor that allows fraud to occur.

The Council did not properly segregate key accounting duties and responsibilities among different people to reduce the risk of error or fraud, but instead allowed a single individual, the executive director, to control virtually all aspects of its various internal accounting functions. As a result, the Council's use of Federal funds, including FS Recovery Act grant funds, was subject to an increased risk for fraud and abuse. Although nothing has come to our attention at this time to indicate that fraud actually occurred, our review of the Council's financial accounting practices is still ongoing.

During our review of the Council, we determined that the executive director had the ability to perform most of the organization's key accounting functions, with little or no separation of duties, or independent verification and oversight. For example, the Council's executive director had the authority to:

- Access blank checks, sign the checks, and record the checks.
- Initiate purchases for goods and services, valued up to \$25,000; approve the purchases; and receive the goods and services without any other person verifying the purchase amounts were accurate, allowable, and represented legitimate purchases.
- Deposit and remove Federal funds from grant accounts without any higher level authority knowing the amounts were being removed or for what purpose.
- Control the Council's payroll function, giving the executive director the ability to adjust salary amounts or overtime without any higher level oversight or approval.

¹⁵ 2 CFR Part 215, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, September 30, 1999, and OMB Circular A-133, Part 6, *Internal Controls*, March 2011.

- Prepare, review, and approve Federal grant reimbursement requests, which gave the executive director the ability to submit incorrect, mischaracterized, inflated or false expenses.
- Resolve any discrepancies that occurred between the Council's records and those of its independent bookkeeping service.

When we asked the Council's Board of Directors why key duties had not been properly segregated, they explained that the organization had grown considerably in size and complexity over the last several years and that the Council's financial procedures had not kept pace with those changes. The Board agreed that it was their responsibility to implement effective internal controls and stated their intention to immediately update the organization's policies and procedures to include separation of key functions and responsibilities. The Board also stated their intention of hiring an independent accounting firm to assist in the future management of the Council's Federal grants. The Council's plans to segregate duties should improve its oversight of future Federal grant transactions.

Council Did Not Obtain Required A-133 Audits

As a condition of receiving Federal awards, non-Federal entities agree to comply with laws, regulations, and the provisions of contract and grant agreements, and to maintain internal controls that provide reasonable assurance of compliance with these requirements. Audits are a primary tool Federal agencies use to ensure that grant funds are used properly. OMB Circular A-133 and other Federal issuances require that all non-Federal entities that expend \$500,000 or more of Federal grant funds in any given year obtain an annual audit.¹⁶ Under OMB Circular A-133, grant recipients are required to hire independent auditors to review and test their organization's internal controls and financial processes to ensure the recipients are complying with all Federal requirements and properly accounting for Federal grant funds.

We determined that the Council annually expended millions of dollars of Federal grant funds, but did not conduct required annual audits of its financial activities from 2007 through 2010. As a result, the Council did not detect the control weaknesses that existed in its organization over the 4-year period or ensure that the FS grant funds it received were properly accounted for in its accounting records.

Because A-133 audits are a critically important control to ensure the proper use of Federal grant funds, failure to obtain the required audits triggers significant Federal sanctions. "In cases of continued inability or unwillingness to have an audit conducted in accordance with this part, Federal agencies and pass-through entities shall take appropriate action using sanctions such as:

- Withholding a percentage of Federal awards until the audit is completed satisfactorily;

¹⁶ OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, OMB Circular A-133, *Compliance Supplement*, the Single Audit Act Amendments of 1996, and *Government Auditing Standards*.

- Withholding or disallowing overhead costs;
- Suspending Federal awards until the audit is conducted; or
- Terminating the Federal award.”¹⁷

The Council’s failure to obtain the required A-133 audits means that there was no independent review to ensure its financial activities were accurate and verifiable and that Federal grant funds would be properly spent in accordance with Federal requirements. Without A-133 audits, the Council’s non-compliance with financial and Federal accounting practices went undetected and uncorrected for four years.

According to the Council’s written policies and procedures, the Board of Directors was responsible for contracting for annual A-133 audits. When we questioned the Council’s Board about the organization’s lack of A-133 audits, Board members stated that they had delegated the responsibility for obtaining A-133 audits to the Council’s executive director. They also stated that the executive director had maintained each year that the audits were not being performed because an accounting firm could not be hired at an acceptable price. Members of the Board further stated that they continued to apply for additional Federal grant funds, without informing FS about their non-compliance, because the Board of Directors did not understand the significance of the annual audit requirement. At the time of our audit, the Council’s Board of Directors had just engaged an audit firm to perform the required A-133 audits, due to the Board’s concerns about potential financial mismanagement. However, as of this date, the A-133 audit has not been completed.

On October 14, 2011, we discussed with the Council’s Board of Directors the internal control deficiencies identified during our audit. The Board informed us that it planned on taking a number of steps to address the problems we identified, such as replacing the Council’s executive director with an interim director, developing new business and accounting procedures, and using an accounting firm to assist in the development of financial controls and provide management for all of their grants.

Although a step in the right direction, considering the magnitude of the control deficiencies noted during our review, we are recommending that FS recover from the Council the \$2.7 million in Recovery Act grant funds that were unsupported. We are also recommending that FS withhold from the Council any future grant fund reimbursements until the Council can provide FS with documentation showing that it has implemented sufficient internal controls and grant administration policies and procedures to properly account for all grant funds in accordance with OMB and grant requirements. For the remaining grant funds the Council has received from FS, we are recommending that FS obtain from the Council documentation showing that the grant funds were adequately accounted for and used for their intended purpose. In those instances where FS determines the charges to the remaining grants were not adequately supported, we are recommending that FS disallow the costs and recover any reimbursements

¹⁷ OMB Circular A-133, Subpart B, Section 225.

already made to the Council. Further, prior to awarding the Council any additional FS grants, we are recommending that FS require the Council to complete the required A-133 audit and provide evidence to FS that the audit has been completed and all deficiencies corrected.

We discussed our concerns with FS officials on October 27, 2011. According to FS, it plans to send a letter to the Nevada Fire Safe Council, stating that it will withhold payments to the Council on any invoice received until their financial records are reconciled with all their vendors and that invoices submitted are in compliance with the terms of the grant agreement—both from a financial and programmatic perspective. The letter will also state that the Nevada Fire Safe Council must have completed the required A-133 audit before they can receive any future grant or agreement from the FS.

We recommend that FS:

1. Recover from the Nevada Fire Safe Council the \$2.7 million in Recovery Act grant funds that were unsupported.
2. Withhold from the Nevada Fire Safe Council any future grant fund reimbursements until the Council can provide FS with documentation showing that it has implemented sufficient internal controls and grant administration policies and procedures to properly account for all grant funds in accordance with OMB and grant requirements.
3. For the remaining FS grant funds the Nevada Fire Safe Council has received, obtain documentation from the Nevada Fire Safe Council showing that the grants funds were adequately accounted for and used for their intended purpose.
4. In those instances where FS determines the charges to the remaining grants were not adequately supported, disallow the costs and recover any reimbursements already made to the Nevada Fire Safe Council.
5. Prior to awarding the Nevada Fire Safe Council any additional FS grants, require it to complete the required A-133 audit and provide evidence to FS that the audit has been completed and all deficiencies corrected.

Please provide a written response within 5 days outlining your proposed corrective action for this issue. If you have any questions, please contact me at (202) 720-6945, or have a member of your staff contact Joseph Mickiewicz, Director, Food, Nutrition, Marketing, and Development Division, at (202) 720-5907.

USDA'S

FOREST SERVICE'S

RESPONSE TO AUDIT REPORT



Forest
Service

Washington
Office

1400 Independence Avenue, SW
Washington, DC 20250

File Code: 1430

Date: January 18, 2012

Route To:

Subject: Response to ARRA Fast Report No. 08703-5-SF (10), Grant Recipient Had Inadequate Controls to Account for Its Recovery Act Grants – The Recovery Act – Forest Service (FS) Hazardous Fuels Reduction and Ecosystem Restoration on Non-Federal Lands (10)

To: Gil H. Harden, Assistant Inspector General for Audit

This letter is in response to Office of General (OIG) Fast Report No. 08703-5-SF (10) regarding the grant awarded to the Nevada Fire Safe Council received on January 4, 2012. The Forest Service generally concurs with the recommendations and the response for each is as follows:

OIG Recommendation #1: Recover from the Nevada Fire Safe Council the \$2.7 million in Recovery Act grant funds that were unsupported.

Forest Service Response: The FS is currently working with the Nevada Fire Safe Council (NVFSC) to resolve the potential issue of \$2.7 million used for expenses that are unsupported. The FS is requesting the NVFSC provide additional information to the Agency by February 29, 2012. The agency will perform a review and will manage any issues identified as applicable by the OMB Circulars and federal cost accounting principles. These actions will be completed by May 31, 2012.

OIG Recommendation #2: Withhold from the Nevada Fire Safe Council any future grant fund reimbursements until the Council can provide FS with documentation showing that it has implemented sufficient internal controls and grant administration policies and procedures to properly account for all grant funds in accordance with OMB and grant requirements.

Forest Service Response: The FS will postpone further grant reimbursements and grant awards to NVFSC until it provides assurances and documentation to the FS that it is able to fully comply with OMB cost requirements and Federal regulations, except where there is documentation that funds are being delivered to a third party, such as a contract vendor, and the costs comply with OMB requirements and federal regulations. In such instances, the agency will continue reimbursements and awards because there is minimal risk of inappropriate reimbursement to the NVFSC. Supporting documentation of compliance is due to the FS by February 29, 2012. The FS has corresponded and been in discussions with the Acting Executive Director of the NVFSC on the need to address governance and capacity for long-term viability as a Council and as a partner to achieve mutual restoration objectives. These actions will be completed by April 30, 2012 and will be ongoing until the grant is completed.



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OIG Recommendation #3: For the remaining FS grant funds the Nevada Fire Safe Council has received, obtain documentation from the Nevada Fire Safe Council showing that the grant funds were adequately accounted for and used for their intended purpose.

Forest Service Response: Through the review to be conducted by the FS referenced in Recommendation 1, the Agency will have information to review the payments requested against all Recovery Act and Non-Recovery Act funds. These actions will be completed by April 30, 2012.

OIG Recommendation #4: In those instances where FS determines the charges to the remaining grants were not adequately supported, disallow the costs and recover any reimbursements already made to the Nevada Fire Safe Council.

Forest Service Response: Based on the results from the review conducted by the FS referenced review in Recommendation 1, the Agency will take appropriate action in accordance with applicable OMB circulars. The FS will also enhance reviews on future reimbursement requests, these procedures will be in place before February 29, 2012.

OIG Recommendation #5: Prior to awarding the Nevada Fire Safe Council any additional FS grants, require it to complete the required A-133 audit and provide evidence to FS that the audit has been completed and all deficiencies corrected.

Forest Service Response: The Forest Service will issue a letter to the NVFSC informing them the receipt of future Forest Service grants will be subject to providing satisfactory evidence of completion of the required A-133 audit with all deficiencies corrected.

If you have any questions, please contact Donna Carmical, Chief Financial Officer, at (202) 205-1321 or dcarmical@fs.fed.us.

/s/ Donna M. Carmical
DONNA M. CARMICAL
Chief Financial Officer

TAHOE DOUGLAS FIRE PROTECTION DISTRICT

Ben Sharit, Fire Chief
Mark Novak, Assistant Chief
Eric Guevin, Fire Marshal



Kevin Kjer, Chair
Larry Schussel, Vice Chair
Greg Felton, Trustee
Steve Seibel, Trustee
Ann Grant, Trustee

RE: Nevada Fire Safe Council financial deficiencies identified and resolutions

In 2011 the BLM and U.S. Forest Service discovered accounting irregularities at the NVFSC. The findings were significant enough that all grant funding had to be suspended until the full extent of the problem was identified and corrective actions were taken. Since then the following deficiencies were noted and corrective actions were taken:

- 1) Grant assistance agreements were missing
- 2) Federal audits were missing for four years
- 3) Indirect cost rate calculations and applications were missing.
- 4) Accounting of grant funds was incomplete and inaccurate.

The irregularities were significant and did require that the federal agencies suspend payments until corrective actions were taken. The following corrective actions have been taken:

- 1) All missing grant assistance agreements were completed and signed by BLM.
- 2) Federal single audits were completed and audits of compliance with Generally Accepted Accounting Principles were also completed.
- 3) Indirect cost rate applications were completed and submitted.
- 4) A database was created to organize all of the expenses relating to grant funding of fuels reduction projects was created. This database is a repository of all of the grant expenditures, both paid and unpaid, for the NVFSC. We now know what was spent, what it was spent for, and whether the bill was paid. We also have backup documentation for the expenditures so that the federal agencies can audit the expenditures and determine if the expenses are allowable.
 - a. The U.S. Forest Service has also audited the details of outstanding balances related to their grants and determined which costs are allowable.

At this point, all of the significant deficiencies noted above have been corrected and competent data has been produced that should facilitate payment to fuels reduction contractors.

P.O. Box 919 - 193 Elks Point Road - Zephyr Cove, Nevada 89448

Phone (775) 588-3591 Fax (775) 588-3046

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State of Nevada Assembly

Seventy-Seventh Session

September 16, 2014

The Honorable Brian Sandoval
Governor of the State of Nevada
101 North Carson Street, Suite 1
Carson City, Nevada 89701-4786

Re: Lake Tahoe Aquatic Invasive Species Program

Dear Governor Sandoval:

The Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency (TRPA) and the Marlette Lake Water System writes to express its resolute support for certain enhancements to the budget of the TRPA. At the Committee's meeting and work session on August 25, 2014, the Committee voted unanimously in support of an increase in the Governor's *Executive Budget* for the 2015-2017 Biennium in an amount up to \$500,000 in each fiscal year for the TRPA funding request to ensure sustainable funding for the Lake Tahoe Aquatic Invasive Species (AIS) Program.

Quagga Mussels were discovered in Lake Mead in January 2007, and the TRPA began requiring mandatory watercraft inspections at Lake Tahoe in 2008. The Committee received testimony from numerous entities and individuals on the urgent need to prevent the introduction of AIS in Lake Tahoe, such as Quagga Mussels, and to control the spread of AIS already in Lake Tahoe, such as Asian Clams and Eurasian Watermilfoil. Representatives from the private and public sectors and the Washoe Tribe of Nevada and California requested that the State of Nevada further assist TRPA's efforts to stop AIS from endangering the renowned clarity of Lake Tahoe. The economic and environmental effects of AIS in Lake Tahoe would be disastrous, and the watercraft inspection program has proven successful in intercepting AIS. The cost to sustain this Program pales in comparison to the estimated potential economic impact that would result from the introduction of new AIS in Lake Tahoe; testimony before the Committee noted an AIS introduction could cost the region \$22.4 million annually.



The Honorable Brian Sandoval

Page 2

September 16, 2014

The watercraft inspection program established in the Lake Tahoe Basin and spearheaded by the TRPA has been lauded as visionary and studied for replication by various areas facing similar threats of AIS introduction. It is time for the State of Nevada to show its support for this proven program by providing sustainable funding.

Thank you for your consideration of this matter. Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,



Assemblyman Michael Sprinkle, Chair
Legislative Committee for the Review and
Oversight of the Tahoe Regional Planning
Agency and the Marlette Lake Water System

MS/gn:W143067

cc: Joanne S. Marchetta, Executive Director, TRPA
Dennis Zabaglo, Aquatic Resources Program Manager, TRPA

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State of Nevada Assembly

Seventy-Seventh Session

September 16, 2014

The Honorable Brian Sandoval
Governor of the State of Nevada
101 North Carson Street, Suite 1
Carson City, Nevada 89701-4786

Re: Lake Tahoe Environmental Improvement Program

Dear Governor Sandoval:

On August 25, 2014, the Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency (TRPA) and the Marlette Lake Water System voted unanimously to write to you to urge the issuance of the general obligation bonds authorized, but not yet sold, by Senate Bill 438 (Chapter 437, *Statutes of Nevada 2011*) to fund Nevada's apportioned share of the costs for the Lake Tahoe Environmental Improvement Program (EIP). Senate Bill 438 required an amount of not more than \$12 million through the sale of general obligation bonds be provided to carry out Nevada's share of the EIP. The State Board of Finance approved the sale of \$1.5 million of these authorized bonds earlier this year, but \$10.5 million remains to be issued. As the State's bonding capacity recovers, we ask that you consider the important work these bonds support in the Lake Tahoe Basin and our ongoing commitment.

Thank you for your consideration of this matter. Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,

A handwritten signature in cursive script that reads "M. Sprinkle".

Assemblyman Michael Sprinkle, Chair
Legislative Committee for the Review and
Oversight of the Tahoe Regional Planning
Agency and the Marlette Lake Water System

MS/gn:W143068

cc: Leo M. Drozdoff, P.E., Director, State Department of Conservation and Natural Resources



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State of Nevada Assembly

Seventy-Seventh Session

September 17, 2014

Amy Lueders, State Director
Nevada State Office, Bureau of Land Management
United States Department of the Interior
1340 Financial Boulevard
Reno, NV 89502-7147

The Honorable Harry Reid
United States Senator and Senate Majority Leader
522 Hart Senate Office Building
Washington, D.C. 20510-0001

The Honorable Dean Heller
United States Senator
324 Hart Senate Office Building
Washington, D.C. 20510-0001

The Honorable Mark Amodei
United States Representative
222 Cannon House Office Building
Washington, D.C., 20515-0001

The Honorable Joe Heck
United States Representative
132 Cannon House Office Building
Washington, D.C. 20515-0001

The Honorable Steven Horsford
United States Representative
1330 Longworth House Office Building
Washington, D.C. 20515-0001

The Honorable Dina Titus
United States Representative
401 Cannon House Office Building
Washington, D.C. 20515-0001

Re: Funding for Hazardous Fuels Projects in the Lake Tahoe Basin

Dear State Director Lueders, Senator Reid, Senator Heller, Congressman Amodei, Congressman Heck, Congressman Horsford, and Congresswoman Titus:

On August 25, 2014, the Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency (TRPA) and the Marlette Lake Water System voted unanimously to write to the Nevada State Office, Bureau of Land Management, United States Department of the Interior, and Nevada's Congressional Delegation, to commend the fire districts in the Lake Tahoe Basin for their work and to encourage continued funding of hazardous fuels



State Director Lueders
Senators Reid and Heller
Congressmen Amodei, Heck, and Horsford
Congresswoman Titus
Page 2
September 17, 2014

projects in the Lake Tahoe Basin from the Southern Nevada Public Land Management Act of 1998. The Committee recognizes that hazardous fuels projects in the Lake Tahoe Basin are vitally important to environmental improvement and public safety, and these projects would not happen without funding and the collaborative efforts of the seven fire districts, in California and Nevada, operating in the Lake Tahoe Basin.

Thank you for your consideration of this matter. Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,



Assemblyman Michael Sprinkle, Chair
Legislative Committee for the Review and
Oversight of the Tahoe Regional Planning
Agency and the Marlette Lake Water System

MS/gn:W143069

cc: James R. Lawrence, Special Advisor to the Director, State Department of Conservation and Natural Resources
Chief Gary Gerren, Fallen Leaf Fire Department
Chief Michael Brown, North Lake Tahoe Fire Protection District
Chief Michael Schwartz, North Tahoe Fire Protection District
Chief Ben Sharit, Tahoe Douglas Fire Protection District
Chief Gareth Harris, Lake Valley Fire Protection District
Chief John Pang, Meeks Bay Fire Protection District
Chief Jeff Meston, South Lake Tahoe Fire Department

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State of Nevada Assembly

Seventy-Seventh Session

September 16, 2014

The Honorable Brian Sandoval
Governor of the State of Nevada
101 North Carson Street, Suite 1
Carson City, Nevada 89701-4786

Re: Stateline-to-Stateline Bikeway Project Funding by Question 1 General Obligation Bonds

Dear Governor Sandoval:

The Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency (TRPA) and the Marlette Lake Water System Sandoval voted unanimously at its final meeting of the 2013-14 Interim to write to you to urge your support of issuing the general obligation bonds authorized, but not yet issued, for the Conservation and Resource Protection Grant Program, commonly referred to as the "Question 1 Program," specifically, the \$2.1 million that is designated for the Stateline-to-Stateline Bikeway Project.

Voter approval of Ballot Question No. 1 on November 5, 2002, authorized the State of Nevada to issue general obligation bonds in an amount not to exceed \$200 million in order to preserve water quality; protect open space, lakes, rivers, wetlands, and wildlife habitat; and restore and improve parks, recreational areas, and historic and cultural resources. The question was considered in the 2001 Legislature as A.B. 615, and it was ultimately authorized in A.B. 9 (Chapter 6, *Statutes of Nevada 2001, 17th Special Session*). The money from the bonds was to be allocated to seven areas, including \$65.5 million to the Division of State Lands, State Department of Conservation and Natural Resources, to provide grants for State agencies, local governments, or qualifying private nonprofit organizations for various programs, including conservation easements.

Budgetary constraints resulted in a temporary suspension of bond sales. On Tuesday, March 11, 2014, the State Board of Finance approved the sale of \$1.25 million of these authorized bonds. There is a remaining authority to issue more than \$19 million in these bonds. The bikeway is an important tool to expand recreational tourism in the



The Honorable Brian Sandoval

Page 2

September 16, 2014

Lake Tahoe Basin and to improve public safety by potentially removing cyclists from traffic lanes.

Thank you for your consideration of this matter when Nevada's bonding capacity recovers. Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Sprinkle". The signature is fluid and cursive.

Assemblyman Michael Sprinkle, Chair
Legislative Committee for the Review and
Oversight of the Tahoe Regional Planning
Agency and the Marlette Lake Water System

MS/gn:W143070

cc: Carl Hasty, District Manager, Tahoe Transportation District

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State of Nevada
Assembly
Seventy-Seventh Session

September 16, 2014

The Honorable Brian Sandoval
Governor of the State of Nevada
101 North Carson Street, Suite 1
Carson City, Nevada 89701-4786

Re: Shuttle Service Between Incline Village and Sand Harbor State Park

Dear Governor Sandoval:

The Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency (TRPA) and the Marlette Lake Water System writes to express its support of an increase in the Governor's *Executive Budget* for the 2015–2017 Biennium in the amount of \$85,000 in each fiscal year for the Division of State Parks, State Department of Conservation and Natural Resources (SDCNR). These funds will provide a match for federal transportation funding that was previously matched by the Southern Nevada Public Land Management Act of 1998 funds, which are no longer available, and will allow continued operation of the shuttle service operated by the Tahoe Transportation District between Incline Village and Sand Harbor State Park.

The shuttle service has successfully operated for the past three years, and it provides an option for visitors otherwise unable to enter Sand Harbor State Park due to a shortage of parking. The shuttle service has been instrumental in accomplishing the public safety goals of the Division of State Parks, SDCNR; Nevada Highway Patrol, Department of Public Safety; and Nevada's Department of Transportation by reducing traffic congestion on State Route 28 and reducing the number of pedestrians walking in or adjacent to the highway travel lanes.



The Honorable Brian Sandoval

Page 2

September 16, 2014

Thank you for your consideration of this matter. Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Sprinkle".

Assemblyman Michael Sprinkle, Chair
Legislative Committee for the Review and
Oversight of the Tahoe Regional Planning
Agency and the Marlette Lake Water System

MS/gn:W143071

cc: Leo M. Drozdoff, P.E., Director, SDCNR
Carl Hasty, District Manager, Tahoe Transportation District

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State of Nevada Assembly

Seventy-Seventh Session

September 23, 2014

The Honorable Barbara Boxer
United States Senate
112 Hart Senate Office Building
Washington, DC 20510-0001

Re: Support for a Technical Amendment Related to the Urban Designation for the Tahoe Metropolitan Planning Organization in the Reauthorization of the Moving Ahead for Progress in the 21st Century Act

Dear Senator Boxer:

The Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency and the Marlette Lake Water System voted unanimously on August 25, 2014, to write to all of Nevada's Congressional Delegation and those in California's Congressional Delegation whose districts include a portion of the Lake Tahoe Basin in support of a revision to technical language in the reauthorization of the Moving Ahead for Progress in the 21st Century Act of 2012 ("MAP-21"; Public Law 112-141) to allow the Tahoe Metropolitan Planning Organization (TMPO) to receive federal formula funds for capital projects and transit services under Map 21.

Beginning in February 2014, the Committee conducted six hearings on issues relevant to the management and protection of the Lake Tahoe Basin, including the importance of the transportation system and the role it plays in the environment, the community, and the economy. The Metropolitan Planning Organization (MPO) designation under the current federal MAP 21 provides planning funds to the TMPO, but the TMPO is treated as a rural entity and not an urban one. Consequently, it does not receive transit operating formula funds as do all other MPOs or formula capital funds. We are in agreement with transportation supporters in the Lake Tahoe Region that the new transportation bill should correct this technical definition to add a population and density designation for the TMPO. As the bill is now up for reauthorization, the Committee supports the retention of all authorities currently designated for the Lake Tahoe Region.



Senator Boxer
Page 2
September 23, 2014

Given the dominance of federal land ownership at Lake Tahoe (approximately 80%), the policy direction of the Tahoe Regional Planning Compact (PL 96-551) to provide alternatives to the automobile, and the many visitors who come annually (more than 6.5 million) to enjoy Lake Tahoe, significant operating funds are necessary to provide an effective region-wide transit system.

The Committee requests your support for the retention of the current Tahoe transportation authorities and the addition of urban population and density assignment for formula funds as Congress considers the reauthorization bill. Lake Tahoe is a state and national environmental treasure; the resources and capabilities provided by these authorities helps ensure its protection and access for all Americans. Thank you for your consideration of this matter. Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,



Assemblyman Michael Sprinkle, Chair
Legislative Committee for the Review and
Oversight of the Tahoe Regional Planning
Agency and the Marlette Lake Water System

MS/gn:W143072-7
cc: Carl Hasty, District Manager, Tahoe Transportation District

In addition to United States Senator Barbara Boxer, this letter also went to:

- United States Senator Dianne Feinstein
- United States Senator Dean Heller
- United States Senator Harry Reid
- United States Representative Mark Amodei
- United States Representative Joe Heck
- United States Representative Steven Horsford
- United States Representative Tom McClintock
- United States Representative Dina Titus

APPENDIX D

Suggested Legislation

APPENDIX D

Suggested Legislation

The following bill draft request will be available during the 2015 Legislative Session, or can be accessed after “Introduction” at the following website: <http://leg.state.nv.us/Session/78th2015/BDRList/page.cfm?showAll=1>.

BDR R-431 Urges Congress to facilitate the release of the federal grant funds previously awarded to the Nevada Fire Safe Council for hazardous fuels treatment in the Lake Tahoe Basin.

