

NEVADA ASSOCIATION OF COUNTIES (NACO)

Board of Directors' Meeting
August 28, 2015, 9:30 a.m.
NACO Office
304 S. Minnesota Street
Carson City, NV 89703

AGENDA

Some NACO Board members may attend via video link or phone from other locations. Items on the agenda may be taken out of order. The NACO Board may combine two or more agenda items for consideration. The NACO Board may remove an item from the agenda or delay discussion relating to an item on the agenda at any time.

Call to Order, Roll Call, Salute to the Flag

1. Public Comment. Please Limit Comments to 3 Minutes.
2. Approval of Agenda. **For Possible Action.**
3. NACO Executive Director's Report.
4. Approval of Minutes of the June 26, 2015 NACO Board of Directors Meeting. **For Possible Action.**
5. Acceptance of NACO's Financial Audit for the Year Ending December 31, 2014. **For Possible Action.**
6. Presentation on the Nevada Veteran's Memorial.
7. Update on the Implementation of AB163 Enacted in the 2015 Legislative Session which Provides for the Creation of Rangeland Fire Protection Associations.
8. Briefing and Possible Action on AB191 Enacted in the 2015 Legislative Session which Authorizes a County to Place on the Ballot at the General Election on November 8, 2016 a Question which Asks the Voters in the County whether to Authorize the Board of County Commissioners to Impose, for the Period beginning on January 1, 2017, Annual Increases to Taxes on Certain Motor Vehicle Fuels. **For Possible Action.**
9. Update on the Interstate-11 and the Intermountain West Corridor.
10. Update and Possible Action regarding a Proposal to Consolidate the University of Nevada, Reno College of Agriculture, Biotechnology and Natural Resources (CABNR), Cooperative Extension, and the Nevada Agriculture Experiment Station (NAES). **For Possible Action.**
11. Briefing regarding Proposed Changes to the State's Community Development Block Grant Advisory Board.
12. Update and Possible Action regarding NACO's Efforts Seeking to Compel the U.S. Bureau of Land Management to Comply with the Provisions of the Wild Free-Roaming Horse and Burro Act. **For Possible Action.**

Note: The NACO Board of Directors Will Interrupt the Open Meeting and Exclude the Public from the Meeting for the Limited Purpose of Receiving the Information and for Deliberation Relative to Agenda Item #13 and #14 below:

13. Update regarding the Complaint Filed by NACO and Others on December 4, 2014 Against the U.S. Fish & Wildlife Service (USFWS) Seeking Declaratory and Injunctive Relief for Violations of the Endangered Species Act, the Administrative Procedure Act, and the United States Constitution for Entering into Private Settlement Agreements with Special Interest Litigants that Established Deadlines by which USFWS Must Make Listing Determinations for Certain Candidate Species, including the Greater Sage-Grouse (GSG) and Bi-State Distinct Population of the GSG. **For Possible Action.**
14. Update and Possible Action regarding the Bureau of Land Management and U.S. Forest Service Greater Sage-Grouse Land Use Plan Amendment Administrative Draft Final Environmental Impact Statement, including the BLM's August 6, 2015 Response to Nevada Governor Sandoval's Consistency Review. **For Possible Action.**
15. Discussion and Possible Action regarding the Designation of Nevada's Basin and Range as a National Monument. **For Possible Action.**
16. Update on Interim Legislative Committees and Studies, including Possible Interest in Studying Nevada's Property Tax System. **For Possible Action.**
17. NACO Committee of the Emeritus Update.
18. Report from NACO's Nominating Committee.
19. National Association of Counties and Western Interstate Region Board Member Updates.
20. NACO Board Member Updates.
21. Public Comment - Please Limit Comments to 3 Minutes

Adjournment.

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify NACO in writing at 304 S. Minnesota Street, Carson City, NV 89703, or by calling (775) 883-7863 at least three working days prior to the meeting.

Members of the public can request copies of the supporting material for the meeting by contacting Amanda Evans at (775) 883-7863. Supporting material will be available at the NACO office and on the NACO website at: www.nvnaco.org

This agenda was posted at the following locations:

NACO Office 304 S. Minnesota Street, Carson City, NV 89703

Washoe County Admin. Building 1001 E. Ninth Street, Reno, NV 89520

Clark County Admin. Building 500 S. Grand Central Parkway, Las Vegas, NV 89155

POOL/PACT 201 S. Roop Street, Carson City, NV 89701

The following items are support
documentation for agenda

Item 4

NEVADA ASSOCIATION OF COUNTIES (NACO)

Board of Director's Meeting
June 26, 2015 – 9:30 a.m.
NACO Office
304 S. Minnesota Street
Carson City, NV 89703

UNADOPTED MINUTES

Attendance: (Staff: Jeffrey Fontaine, Dagny Stapleton and Amanda Evans) President Wichman, President Elect Carson, Past President Irwin, Elko County Commissioner Dahl, Carson City Mayor Crowell, Esmeralda County Commissioner Bates, Washoe County Commissioner Herman, Lander County Commissioner Waits, Clark County Commissioner Collins, Humboldt County Commissioner French, Mineral County Commissioner Tipton, Eureka County Commissioner Goicoechea, Tammi Davis, Nevada Recorders Association and Bob Roshak, Nevada Sheriffs & Chiefs Association.

Other Attendees: Linda Bissett and Christina Bailey, NV Energy

1. **Public Comment.** None was given.
2. **Approval of Agenda.** The agenda was approved on a motion by Commissioner Tipton with second by Commissioner Irwin.
3. **Executive Director's Report.** Jeff announced that registration for the NACO Annual Conference would be open early the following week and that plans are underway with Clark County. He noted the possibility of including a summit on public lands issue with the conference. Commissioner Dahl noted that with the approval of SJR1 this past legislative session and with action occurring in the House of Representatives that the focus of the proposed summit should be the transfer of public lands. Jeff also updated the Board on the status of the failure of the server, its replacement and the need to have the backup drive repaired by a third party disaster recovery firm for possible data retrieval. Jeff announced that PILT payments were distributed June 24th at the fully authorized level and if the checks hadn't been received they should be received within a few days.
4. **Approval of Minutes of the May 22, 2015 Meeting of the NACO Board of Directors.** The minutes were approved on a motion by President Elect Carson with second by Commissioner Bates.
5. **Acceptance of NACO's May 2015 Financial Statement and Investment Reports.** The statement and reports were approved on a motion by Commissioner Tipton with second by Mayor Crowell.
6. **Approval of Board Meeting Dates for the Remainder of 2015.** The July meeting of the Board was cancelled due to the National Association of Counties Annual Conference and there will be a BBQ on Thursday, August 27th prior to the Board meeting on Friday, August 28th. The September Board meeting will be held on the 30th in conjunction with the NACO Annual Conference, the October meeting will be held on the 23rd, the November meeting will be the afternoon of the 20th to accommodate Eureka Counties Board of Commissioners meeting at the suggestion of Commissioner Waits and the

December meeting will be held on the 18th. All dates were approved on a motion by Commissioner Tipton with second by Commissioner Bates.

7. **Update on the National Association of Counties (NACo) Annual Conference July 10-13, including the Election of NACo Officers and Board Members.** Jeff outlined the attendance record to date and requested any adjustments, deletions and additions as necessary. Jeff also announced that the traditional NACO dinner is being planned and there would be a joint breakfast meeting with neighboring western states. Jeff noted that Nevada has 22 votes based on registration for the event, he discussed that the 2nd Vice President vote could be contentious due to the recent vacancy of the original candidate and the registration of 5 possibilities. Commissioner Dahl stated that Elko County is in support of Utah Commissioner Cox and Commissioner Tipton noted that she knows both Commissioner Cox as well as Supervisor Archuleta from Arizona and that both would do well in the position. Commissioner Tipton also noted that it is important to determine where the candidate support is at the National Conference to ensure votes are not wasted. She also questioned whether there was a need to maintain the Wild Horse & Burro subcommittee within WIR and President Wichman suggested having an assignment for each member of the subcommittee to bring a member from an Eastern state to educate those who are not familiar with the issue. The Board concurred to the need to do further research on the 2nd Vice President candidates and to determine the pulse of support in Charlotte prior to determining firm support of any one of the Western candidates.
8. **Discussion and Possible Approval of a NACo Staff Performance Bonus for the 2015 Legislative Session.** President Wichman suggested to the Board that bonuses be given to staff in the amount of \$5,000 each for Jeff and Dagny, and \$1,000 for Amanda. The item was approved on a motion by Commissioner Dahl with a second by Commissioner French.
9. **Approval of a Letter of Appreciation to the Chairman of the Senate Committee on Government Affairs and Chairman of the Assembly Committee on Government Affairs for their Efforts on Behalf of Nevada's Counties During the 2015 legislative Session.** Jeff told the Board that hand written thank you notes were sent to key Legislators whom NACO worked with over the session and the letters to Senator Goicoechea and Assemblyman Ellison were approved on a motion by Commissioner Tipton with second by President Elect Carson.
10. **Discussion and Possible Action regarding Bills in the 2015 Legislative Session of Interest to Nevada's Counties and Other Actions regarding NACO's Participation in the Legislative Session.** Dagny noted that there was a summary included in the Board packet on all the bills of importance and that it would be further distributed to the Board and all County Managers for distribution to appropriate County Officials. Dagny started the review with SB29 on Home Rule, she noted it is a county only bill and that the language was changed from the original bill which kept Dillon's rule in place but still granted additional authority to counties. She discussed the need to hold a round table discussion in July to include a single point of contact on Home Rule for each county because NACO is required to report to the Legislature on ordinances enacted using the bill. She also noted that the DA's Association will also be included in the round table. It was noted that SB482 to increase the County Elected Officials salaries was passed and signed by the Governor. The bill includes provisions for opting out of the yearly increases if the county in question is not in a fiscal situation to accommodate the increases. AJR10 was passed which creates a salary commission to determine the salaries of elected officials, including county officials. The resolution will require a change to the constitution so it will be a few years down the road. SB95 allowing online

publication of property tax rolls passed; although the counties will be required to place a printed add in 2015. Of NACO's 5 bills only two didn't make it out, the bill eliminating net proceeds prepayments (however the language was included in the Governor's budget) and the bill regarding Presentencing Reports and Indigent Defense. Jeff spoke to the support received in committee hearings. He also mentioned that the ACLU filed a lawsuit in Idaho who has a similar structure for indigent defense utilizing flat fee contracts. The Idaho suit does not name counties but the suit sets a precedent and the ACLU did put the Legislature on notice that they will be looking at filing a lawsuit. President Wichman inquired about the bill changing open meeting laws to require an affidavit of posting of agendas which her DA's opinion was that it needs to be notarized by all those who posted. Jeff said he believes the intent of the bill is to provide backup that posting was completed. Jeff will follow up with the AG's office to get further clarification.

Dagny noted specific highlights of the session including the passage of SJR1 regarding public land transfers, AB54 to increase tools to help local governments in times of financial hardship including reopening contracts with collective bargaining agencies; SJR13, Senator Settemeyer's resolution to propose constitutional changes to the property tax system. Tammi Davis, Washoe County Treasurer noted that the Senator realizes the proposed changes will need statute changes and NACO will reach out to him in the interim to ensure counties are a part of the discussion surrounding the issue. Changes were made to collective bargaining to the benefit of counties. Changes were made to PERS which changes the formula and reduces the retirement age for new employees after 2015. SB111 regarding law enforcement body camera's was passed without the mandate requiring all officers to wear the devices.

Bills that didn't make it out included one allowing local governments to declare bankruptcy, one that would require a Nevada NEPA process and one regarding changes to the election process. Jeff also discussed the increases to Child Protective Services (CPS) assessments and that he is in discussions with the Director of the Department of Health and Human Services on ways to reduce the burden on counties and identify savings in 2017. He also identified the deletion of an initial budget item that would have required counties to pay for individuals declared mentally incompetent to stand trial to be housed at Lakes Crossing at a cost of \$163K/year. The success of individual county bills was also discussed. NACO will monitor rule making sessions and keep the Board posted to developments as they arise.

- 11. Overview of how Estimates and Projections are Produced by the Nevada State Demographer.** A presentation was given by Jeff Hardcastle, the Nevada State Demographer on how data is collected, compiled and used in conjunction with Census data to determine how the State is reapportioned, and federal funding allocations.
- 12. Briefing by the Interim State Director of the Bureau of Land Management, Jon Ruhs, and Possible Action regarding his Assignment in Nevada.** Mr. Ruhs was joined by his Deputy Director Raul Morales and gave the Board a review of his career and experience including previous service in Nevada as the Fire management Officer and District Manager in Ely. He outlined the retirement of several members of senior staff at the agency and shuffle of permanent post positions that will be taking place as a result. He noted that he is focused on the foundation of the BLM and its values. He spoke to the importance of collaboration and building strong partnerships with those that neighbor and use the public lands. He stressed that he is always available to the Board both telephonically and in person if necessary. He noted that there are many resource issues and that he is very supportive of the proposed MOU with NACO. He spoke to the review of fire preparedness occurring at the Bureau and that they are working closely

with the Nevada Division of Forestry to ensure the regulations in place make sense and work. He noted the issues of drought, the Sage Grouse and wild horses. President Wichman inquired as to if he would be staying in Nevada and he told the Board that if he is presented with the option he would stay, but it is the decision of his superiors in Washington. Informal discussion included the management of riparian areas and fire protection agencies allowed under AB163 and Mr. Ruhs noted that language has been addressed to be included in possible MOUs with the proposed fire agencies. No action was taken on the item.

13. **Update on the National Forest Counties and Schools Coalition.** Jeff attended a meeting of the Coalition the previous week in Sparks and noted that the group represents counties in CA, OR, ID, NM and UT and is made up of Commissioners and school district representatives. NACO had been following the Coalition as it relates to SRS funding. He noted the content of the meeting included similar issues to what Nevada counties experience with the BLM.. Jeff noted that the members of the group spoke to the lack of ability for their communities to engage in economic growth and that their communities are being and have been effectively decimated by actions by environmental groups and processes of the involved U.S. Forest Service. . NACO will be staying involved with the Coalition and monitoring their issues and actions.
14. **Discussion and Possible Action regarding NACO's Appeal to the United States Court of Appeals for the Ninth Circuit from the Judgment and Order of United States District Court for the District of Nevada Granting the United States Department of Interior's (Defendants') Motion to Dismiss the Complaint Filed by NACO and Other Plaintiffs on December 30, 2013 Seeking to Compel the BLM to Comply with the Provisions of the Wild Free-Roaming Horse and Burro Act.** Jeff outlined Mr. Pollot's letter regarding the results of the mediation conference. It was noted that just prior to the meeting it was decided that only the attorneys were able to participate in the initial mediation conference call and therefore Commissioner Dahl, whom the Board had designated as the NACO representative to the meeting, was not able to participate. It was explained that both NACO and the federal representatives expressed willingness to the possibility of mediation, but that the interveners were not willing to participate in the mediation process and greatly misrepresented NACO's position on the issue.
15. **Update and Possible Action regarding U.S. Fish and Wildlife Service's Listing Determination of the Greater Sage-Grouse and Proposed Plans for Protection of Greater Sage-Grouse Habitat in Nevada, Including the Governor's 60 Day Consistency Review, and the Complaint Filed by NACO and Others on December 4, 2014 Against the USF&WS Seeking Declaratory and Injunctive Relief for Violations of the Endangered Species Act, the Administrative Procedure Act, and the United States Constitution for Entering into Private Settlement Agreements with Special Interest Litigants that Established Deadlines by which USF&WS Must Make Listing Determinations for Certain Candidate Species, including the Greater Sage-Grouse (GSG).** Jeff informed the Board the suit was consolidated with similar cases, including one filed by the State of Oklahoma and transferred to Washington DC by the multi-jurisdictional panel. The ruling is not appealable because there are two other cases with similar arguments and the ruling in the original case was in Washington DC. The options are to withdraw, continue with the case or work with Oklahoma. NACO has no financial involvement to this point and Ms. Granier, the attorney representing NACO and the others, is working on costs and travel etc. It was noted that members of the Board would more than likely be called upon to testify regardless of whether the Board has financial involvement in the case. Jeff also noted

that the meeting with Corey Hunt from the Governor's office regarding the draft EIS went well.

16. **NACO Board Member Updates.** Commissioners gave updates on matters of importance in their counties and the committee to nominate NACO's 2016 officers was created and is comprised of President Elect Carson, Vice President Phillips and Commissioner Dahl.
17. **Public Comment.** None was given.

The following items are support
documentation for agenda

Item 5

BERTRAND & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS
Members American Institute of Certified Public Accountants

777 E. William St. Suite 206
Carson City, NV 89701
Tel 775.882.8892
Fax 775.562.2667

August 21, 2015

Nevada Association of Counties
304 S. Minnesota St.
Carson City, NV 89703

Jeff Fontaine, Executive Director
Ms. Vanessa Stephens, Fiscal Officer

RE: 2014 Audit Committee Letter

Dear Mr. Fontaine and Ms. Stephens:

The following comments and recommendations are based on the results of our audit of the association's 2014 financial statements.

It is our responsibility to report on the fair presentation of the financial statements in all material respects. Management is responsible for developing and maintaining an effective system of internal accounting controls, keeping the accounting books in good order and for all amounts including the estimates that are presented in the financial statements. Our responsibility as the auditor is to examine, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and tested. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

The financial statements contain significant estimates that are the responsibility of management. The most significant is the loss reserves estimate. Management has engaged an independent actuary to assist in determining a reasonable estimate of the loss reserves and that estimate has been used in the financial statements.

1 - Communication of control deficiencies or material weakness. - Statement on Auditing Standards (SAS) 112.

Our consideration of internal controls was for the limited purpose of conducting our organization's audit and would not necessarily identify all deficiencies in internal controls that might be significant or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned duties to prevent or detect

misstatements on a timely basis. A *significant deficiency* is a control deficiency or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements, that is more than inconsequential, will not be prevented or detected by the entity's internal controls.

A *material weakness* is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be detected by the entity's internal controls.

It is important to note that control deficiencies are not necessarily problems you will choose to address. However, they do represent potential risks. Our job as your auditor is to ensure that you understand where deficiencies or weaknesses exist so that you can make informed business decisions on how best to respond to these risks. There was a material weakness noted relating to the fact that some accounting information related to grants, land management task force and wild horse legal fund is not being forwarded to the bookkeeper for inclusion in the financial statements. We also did identify certain deficiencies in internal controls that we consider to be significant but not material which are discussed below.

The following are prior year comments that were not implemented and may be helpful in strengthening internal controls

2A– Evidence of review of bank and investment reconciliations missing

Part of NACO's internal controls in the past was to indicate on a checklist each month that the bank and investment statements were reviewed and approved by the accounting manager. There was no documentation to indicate these reviews had been done.

We recommend that all evidence of reviews be kept on file. With the change of the accounting manager working remotely, we recommend a new system of documenting approvals be developed and implemented.

We also recommend that the review and approval document be sent to the executive director and fiscal officer on a monthly basis with the financials so they are able to monitor key controls for being performed.

2B – Use chart of account number to code expenses

It was noted that there have been some misclassifications to various accounts as the bookkeeper was uncertain as to which account was appropriate based on the description given.

We recommended that the secretary indicate the account to be charged by the official chart of account number rather than account name.

The following are recommendations based on current year audit observations:

2C – Improper recording of grant transactions and wild horse legal services and land management task force

The NACO secretary administers the grants, the wild horse and burro legal effort and the land management task force. As part of her duties she is responsible to bill for reimbursement of costs to the appropriate agency. However, the bookkeeper did not have copies of the grants or other

Nevada Association of Counties

Audit Committee letter

Page 3

documentation with explanations to enable her to track payments and show amounts that are reimbursable to NACO which resulted in the failure to bill over \$50,000 in reimbursable costs.

We recommended again that the bookkeeper keep a copy of all grants and process transactions based on grant information and maintain records on the other legal defense and task force activities. We also recommended that the bookkeeper reconciles quarterly revenues and expenditures to the records that the NACO secretary maintains. This is a material weakness in controls that can be easily corrected. Management has accepted this recommendation and is implementing procedures to establish controls over this area.

3 - Disbursements tests performed

We tested disbursement controls selecting a sample to provide a 95% confidence level.

In addition, we selected a sample of disbursements and checked for appropriate signatures and verified that amounts agreed to invoices, included evidence of approval and that disbursements were recorded to the proper accounts. The following lists our sample statistics:

	<u>Number</u>	<u>Amount</u>
Total expenses (population)	401	\$909,906
Large balances selected for testing	28	\$640,000
Sample of remaining balance taken for testing	42	\$ 38,443
Percentage tested	17%	75%

There was one instance of there being only one signature on a check.

Several invoices did not show evidence of approval; however the signer of the check had approval authority and in effect approved it upon signing.

4 – Review accounts receivable over 90 days past due

Receivables past due more than 90 days amounted to \$7,405. We recommend that management review the collectability of these receivables and those uncollectible amounts be written off.

5 – Monthly fiscal report

We noted that there is not a monthly report prepared which includes the financial statements, budget to actual information, bank and investment statements and their accompanying reconciliations.

We recommend that financial information be summarized and presented to the fiscal officer and executive director within 30 days of the end of the month. We also recommend that a check list of key monthly controls be presented as well indicating the controls that were performed. This controls checklist can include, but is not limited to, bank and investment reconciliations and any other tasks that management would like to have documented, along with verification of their having been performed.

6 – Threshold amount for capitalization of equipment

Currently, costs less than \$200 are being capitalized and depreciated. We recommend that a threshold be established for the capitalization of costs such as \$1,000 or greater to reduce the burden of record keeping for small items that are deemed insignificant by management.

Nevada Association of Counties
Audit Committee letter
Page 4

7-Authorized signatures

The authorized signature card for the checking account was prepared in 2007 and included Claudette Springmeyer. We recommend that the bank signature card be updated to reflect those currently authorized to sign on the account.

8 – GASB 68 implementation next year

Beginning next year GASB 68 will be required to be implemented. This will require that NACO book as a liability the associations' portion of the PERS liability that is unfunded. This is an actuarially determined amount and we recommend management contact PERS well in advance so that NACO can be provided with schedules that support any such amount.

9 – Proposed audit adjustments

The following proposed adjustment was made and accepted by management. Net expense over revenues collected for the wild horse and burro legal efforts and land management task force are costs to be reimbursed to NACO and therefore not shown as expenses but as a deferred outflow of resources. This adjustment increased net income of NACO by \$73,368.

Conclusion

We thank management and staff for the high level of cooperation we received during the audit. If you have any questions please do not hesitate to contact us.

Sincerely,

Bertrand & Associates, LLC

Bertrand & Associates, LLC

MANAGEMENT COMMENT	SOURCE/DOCUMENTATION
2 – Prior year comments	Prior year review and clients response 161 – email from bookkeeper 408 – Server crashed per Amanda and info not given to bookkeeper was not retrievable from back up.
3 – Disbursements tests	6002
4– Follow up on AR that are over 90 days past due	2502
5 – Monthly fiscal reports and check list of controls performed.	610 – internal control review
6 – Recommend capitalization policy to include threshold to consider	2102
7 – Signature card provided wrongfully included Claudette Springmeyer	6006
8 – GASB 68 requirement noted	NA
9- Proposed adjustments	150
PRIOR YEAR COMMENTS NOT IMPLEMENTED	
Updated in this letter	Prior year letter

Nevada Association of Counties

Audit Committee letter

Page 6

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
FINANCIAL STATEMENTS
December 31, 2014 and 2013**

CONTENTS

Auditor's Report	3
Management Discussion and Analysis	5
Statement of Net Assets	7
Statement of Revenues and Expenses and Changes in Net Assets	8
Statement of Cash Flows	9
Notes to Financial Statements	10
Supplemental information: Budget to Actual Comparison	18

BERTRAND & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS
Members American Institute of Certified Public Accountants

**777 E. William St. Suite 206
Carson City, NV 89701
Tel 775.882.8892
Fax 775.562.2667**

INDEPENDENT AUDITOR'S REPORT

To the Executive Director and the Board of Directors
Nevada Association of County Commissioners

Report on the Financial Statements

We have audited the accompanying statement of net position of the Nevada Association of County Commissioners (NACO), a non-profit corporation, as of December 31, 2014 and 2013 and the related statements of revenues and expenses and changes in net position and statement of changes in cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Nevada Association of County Commissioners as of December 31, 2014 and 2013 and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 and 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bernard & Associates, LLC

August 21, 2015
Carson City, Nevada

Management Discussion and Analysis

This discussion and analysis memo provides an overview of NACO's financial activities for the year ended December 31, 2014.

Financial Highlights

NACO's assets decreased in 2014 by \$484,369 to \$1,551,325. The decrease is primarily attributable the withdrawal of investments to pay off the NACO office building which is now classified as a capital asset. In addition, billing errors resulted in a loss of 2014 Associate Membership dues projected to be \$13,500 and \$53,965 in deferred payment of funding from counties to support the Nevada Land Management Task Force. Of the total assets, \$922,365 consists of unrestricted assets. NACO's primary revenue source, 59%, remains county membership dues at \$346,345. The remainder of NACO's revenues for 2014 consists of the annual conference, a contract with the State of Nevada to administer the Fund for Hospital Care to Indigent Persons, national programs and the associate member program. NACO also received final payment for administrative costs associated with administering grants from the U.S. Department of Agriculture to pay contractors for fire pre suppression activities in Nevada's counties. These grants had been closed out in 2013.

Financial Analysis

By far, the largest portion of NACO assets continues to investments in the amount of \$ 625,369, which decreased \$287,934 from the previous year. Investments in the amount of \$324,831 were used to pay off the mortgage on NACO's office. At the end of the fiscal year, NACO had \$202,829 cash or cash equivalents.

NACO's liabilities for the year ending December 31, 2014, totaled \$22,775 which is a reduction of \$33,459. Of this amount, \$15,023 was attributable to accrued vacation and sick leave.

Economic Factors

The budget of the Nevada Association of Counties is comprised in part (59%) of dues collected from member counties. Membership dues as a percentage of all revenues is nearly 4.7% higher when compared to 2013. Dues are calculated using a formula based on two components: Audited Schedule-1 revenues and population. The Nevada Association of Counties enjoys 100% county participation with all 17 counties paying their fully assessed dues in 2014.

Any changes in the economy that are reflected in the stock and bond market are reflected in accounts held by NACO. No part of the annual operating budget is contingent upon revenue that may be gained or lost due to market fluctuations.

Conclusion

NACO continues to be on a firm fiscal footing again despite showing a slight decrease (2.3%) in net position at the end of the year. Diversified investments and assets, including the office building, provide NACO with a high level of financial security. While Nevada is beginning to see incremental economic growth NACO should continue to closely monitor the financial condition of the counties to assure that it can rely on dues as its most significant source of revenue. The Legislature again appropriated \$60,000 per year for State fiscal years 15 and 16 for NACO to administer the Fund for Hospital care to Indigent Persons (Indigent Accident & Supplemental Fund). However, a long time sponsor has recently announced that it will no longer be able provide financial support to NACO which will result in an annual loss of approximately \$28,000 in revenue. Reserves and modest budget reductions should be sufficient to make up the shortfall in the short term.

Staff continues to identify opportunities to diversify and enhance revenues including; seeking state and federal grant opportunities, increasing the usage of existing agreements with Nationwide Retirement

Solutions and the U.S. Communities Purchasing Alliance for which NACO receives a royalty and seeking other marketing and service agreements that would be of benefit to Nevada's counties.

Jeffrey Fontaine
Executive Director
August 14, 2015

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
STATEMENT OF NET POSITION
December 31, 2014 and 2013

ASSETS	2014	2013
Current assets:		
Cash and cash equivalents	\$ 202,829	\$ 434,516
Investments	625,369	913,303
Accounts receivable	41,678	12,039
Other assets	1,896	9,334
Total current assets	871,772	1,369,192
Fixed Assets:		
Fixed assets net of accumulated depreciation	548,553	535,502
Land	131,000	131,000
Total fixed assets	679,553	666,502
Total assets	1,551,325	2,035,694
DEFERRED OUTFLOWS OF RESOURCES		
Reimbursable costs for Land management task force and the wild horse and burro efforts	73,368	-
Total deferred outflows of resources	73,368	-
LIABILITIES		
Current Liabilities:		
Accounts payable	7,752	25,388
Compensated absences	15,023	15,271
Other liabilities	-	3,195
Current portion of long-term debt	-	12,380
Total current liabilities	22,775	56,234
Noncurrent liabilities:		
Mortgage note payable	-	309,140
Total long-term liabilities	-	309,140
Total liabilities	22,775	365,374
DEFERRED INFLOWS OF RESOURCES		
Indigent accident and supplemental funds	-	30,000
Total deferred inflows of resources	-	30,000
NET POSITION		
Unrestricted	922,365	1,295,338
Invested in capital assets, net of related debt	679,553	344,982
Total net position	\$ 1,601,918	\$ 1,640,320

See accompanying notes

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
STATEMENT OF REVENUES AND EXPENSES & CHANGES IN NET ASSETS
Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenues		
Membership and conference fees	\$ 420,500	\$ 401,380
Indigent accident and supplemental programs	60,000	60,000
National programs and associate sponsorships	44,436	60,472
Grant revenues	29,825	55,601
Interest income	219	233
Wild horse and burro & land task force	32,793	47,690
Other income	-	13,000
Total revenues	<u>587,773</u>	<u>638,376</u>
Expenses		
Salaries and employee benefits	333,100	293,777
Post retirement benefits	1,104	1,963
Mortgage interest	9,149	17,478
Building maintenance, repairs & property tax	13,157	5,297
Utilities	6,348	4,536
Legislative	1,289	1,788
Membership Conference	45,702	9,783
Publications and printing	7,645	5,397
Office and other operating expenses	64,342	68,209
Staff and representative travel	43,686	28,185
Vehicle expenses	4,791	4,799
Professional fees	19,193	45,835
Wild horse and burro & land task force expenses	32,793	47,690
Grant expenditures	26,825	54,905
Depreciation and amortization	36,366	34,310
Total expenses	<u>645,490</u>	<u>623,952</u>
Increase in operating assets	<u>(57,717)</u>	<u>14,424</u>
Increase in non-operating net investment income	19,315	47,163
Increase in net position	<u>(38,402)</u>	<u>61,587</u>
Net position at beginning of year	1,640,320	1,578,733
Net position at end of year	<u>\$ 1,601,918</u>	<u>\$ 1,640,320</u>

See accompanying notes

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
STATEMENT OF CASH FLOWS
Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash receipts	\$ 528,134	\$ 640,066
Payments to employees	(226,473)	(203,478)
Payments to vendors	<u>(469,660)</u>	<u>(401,765)</u>
Net cash (used) provided from operating activities	<u>(167,999)</u>	<u>34,823</u>
Cash flows from Investing Activities:		
Purchases of capital assets	(49,417)	(27,040)
Sale of building, land and equipment	-	-
Sale of securities	607,256	566,496
Purchase of securities	(311,374)	(598,936)
Interest, dividends and net gains or losses on investments	<u>11,367</u>	<u>14,883</u>
Net cash provided (used) for investing activities	<u>257,832</u>	<u>(44,597)</u>
Cash flows from financing activities:		
Payments on long-term debt	(321,520)	(11,472)
Net cash used for financing activities	<u>(321,520)</u>	<u>(11,472)</u>
(Decrease) in Cash and Cash Equivalents	(231,687)	(21,246)
Cash and cash equivalents, beginning of fiscal year	<u>434,516</u>	<u>455,762</u>
Cash and cash equivalents, end of fiscal year	<u>202,829</u>	<u>434,516</u>
Reconciliation of operating income to net cash provided from operating activities		
Net operating income	(57,717)	14,424
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	36,366	34,310
(Increase) decrease in receivables	(29,639)	1,690
Decrease (increase) in prepaid expenses	7,438	(7,399)
(Increase) in deferred outflows of resources	(73,368)	-
(Decrease) in accounts payable	(20,831)	(7,088)
(Decrease) in deferred revenues	(30,000)	-
(Decrease) in accrued vacation	(248)	(1,114)
Net cash (used) provided by operating activities	<u>\$ (167,999)</u>	<u>\$ 34,823</u>

See accompanying notes

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

The association is a non-profit corporation incorporated in the state of Nevada. The association was organized for the purpose of aiding member counties in the conduct of general governmental affairs and to influence the state legislature in ways that will benefit county governments and the people they serve. The association members are elected officials of various counties in Nevada that they represent. As such, the association is considered a quasi-governmental organization. The association is more commonly known as the Nevada Association of Counties or as NACO.

Basis of Presentation, Measurement Focus – Basis of Accounting:

NACO has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. NACO has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments*.

The financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash & Investments:

For purposes of the cash flow statements, NACO considers highly liquid asset accounts available for current use within three months or less to be cash equivalents. NACO maintains its cash, cash equivalents and investments in a commercial bank and a brokerage institution. All amounts in the commercial bank are insured by the FDIC or collateralized. Amounts at the brokerage firm up to the SPIC insurance limit are insured through SPIC and additional amounts are insured by the broker through an insurance policy.

Investments consist of marketable securities in corporate and governmental securities. Securities are reported at their fair value on the balance sheet. Fair value is determined utilizing the market value of the investments as reflected on the applicable brokerage statements. Net increases and decreases in the fair value are included in the statement of revenues and expenses and changes in net asset balances.

Accounts Receivable:

Accounts receivable represents amounts earned but not received on the performance of the Indigent Accident Fund grant, the Supplemental grant, and other miscellaneous receivables.

Fixed Assets:

Equipment on the books is depreciated over the estimated useful lives of the assets using the straight-line method and the lives assigned to assets range from 5 years to 10 years. The office building cost is depreciated using the straight-line method over a period of 40 years with no salvage value.

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences:

Compensated absences are recorded when the liabilities are incurred. Accumulated benefits are limited to a set maximum.

Revenues:

Revenues are provided through membership fees, sponsor and conference fees, administration of the state's Indigent Accident Fund and Supplemental Fund, national insurance programs, government grants and investment income. NACO receives federal grants and contracts with a private vendor to administer the grants on behalf of NACO for the benefit of its members.

Deferred Outflow of Resources:

In 2014, NACO began accepting funds from private and governmental entities for the wild horse and burro legal defense project and all funds are to be paid to the attorney on the case. Funds were also received for the Nevada Lands Management Task Force which was created by the State Legislature whereby 16 counties are reimbursing NACO's costs for an independent contractor to prepare the required report.

Federal Income Tax:

NACO is exempt from income taxes under section 501(c)(4) of the Internal Revenue Service Code.

Prior Year Reclassifications:

The prior year's financial statements have been reclassified where applicable to conform to the current year's presentation.

NOTE 2- DEPOSITS AND INVESTMENTS

NACO, as allowed, maintains its cash, cash equivalents and investments in a commercial bank and a brokerage institution. Amounts in commercial banks are insured by the FDIC for balances up to \$250,000. Amounts at the brokerage firm are insured through SPIC and additional amounts are insured by the broker through an insurance policy.

The carrying amount of NACO's deposits at commercial banks on December 31, 2014 and 2013 was \$191,592 and \$405,529 respectively and the bank balance was \$296,258 and \$426,095. Deposits at commercial banks and short term investments were \$ 202,829 and \$434,516 for 2014 and 2013. The difference between the carrying amount and bank balance results from outstanding checks and deposits not yet reflected in the bank's records. Deposits that are greater than the FDIC insurance limit were \$58,782 in 2013. Balances in excess of FDIC insurance were collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer.

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Credit risk:

Credit risk is the risk that in the event of a failure of an outside party who has possession of NACO's investments or collateral securities, NACO will not be able to recover the value of those investments or securities. NACO's policy is to invest in corporate debt issues with a minimum of an "A" rating from standard and Poor's rating services.

Concentration of Credit Risk:

NACO limits investments in equities of any one issuer to 5% of the total investment portfolio. No more than 20% of the portfolio may be invested in a single industry. NACO limits investments in fixed income securities of any one issuer to 10% of the total portfolio and no security may be purchased that has a maturity date greater than 30 years. The policy does not place a limit on the purchase of U.S. Government and U.S. Government backed securities.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. NACO's policy for managing its exposure to fair value losses arising from increasing interest rates is to be invested in a range of 0% to 70% in fixed income securities, 0% -50% in equities and 0% to 100% in cash.

	Fair Value	Investment Maturities in Years				S&P Rating
		1 year or less	1-5	5-10	Over 10	
U.S. Treasuries	\$ 112,158	\$ -	\$ 65,369	\$ 46,789	\$ -	-
U.S. Government & Agencies	21,334	-	21,334	-	-	
U.S. Mortgage-backed securities	116,541	-	40,900	47,826	27,815	
Corporate bonds	179,659	-	101,537	78,122	-	AAA to A-
Equity securities	195,677	195,677	-	-	-	
Total cash and investments	\$ 625,369	\$ 195,677	\$ 229,140	\$ 172,737	\$ 27,815	

A summary of investments as of December 31, 2013 is as follows:

	Fair Value	Investment Maturities in Years				S&P Rating
		1 year or less	1-5	5-10	Over 10	
U.S. Treasuries	\$ 147,127	\$ -	\$ 116,426	\$ 30,701	\$ -	-
U.S. Government & Agencies	21,757	-	21,757	-	-	
U.S. Mortgage-backed securities	157,217	-	24,658	66,299	66,260	
Corporate bonds	267,498	-	178,227	89,271	-	AAA to A-
Equity securities	319,704	319,704	-	-	-	
Total cash and investments	\$ 913,303	\$ 319,704	\$ 341,068	\$ 186,271	\$ 66,260	

Actual maturities may differ from contractual maturities as some borrowers have the right to call or prepay with or without call or prepayment penalties. Investments are reported at fair value by the investment broker as determined by an outside pricing firm.

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 3 - EQUIPMENT AND DEPRECIATION

Depreciation is taken on the financial statements over the estimated useful lives of the assets using the straight line method. It is believed by management that the useful lives of furniture, equipment and vehicles range from five to ten years with no salvage value. For buildings, the useful life is deemed to be 40 years with no salvage value. When assets are disposed of the cost and related accumulated depreciation are removed from the general ledger and any resulting gain or loss is recognized in operations.

Activity for the years ended December 31 was as follows:

	Useful life	December 31,			December 31,	
		2013	Additions	Dispositions		2014
Building and improvements	40	\$ 488,800	\$ 49,417	\$ -	\$ 538,217	
Furniture and equipment	5 – 10	167,267	-	-	167,267	
Vehicles	5 – 10	32,878	-	-	32,878	
Total Assets		688,945	49,417	-	738,362	
Accumulated depreciation		(153,443)	(36,366)	-	(189,809)	
		\$ 535,502	\$ 13,051	\$ -	\$ 548,553	

		December 31,			December 31,	
		2012	Additions	Dispositions		2013
Buildings	40	\$ 472,378	\$ 16,422	\$ -	\$ 488,800	
Furniture and equipment	5 – 10	156,649	10,618	-	167,267	
Vehicles	5 – 10	32,878	-	-	32,878	
Total Assets		661,905	27,040	-	688,945	
Accumulated depreciation		(119,133)	(34,310)	-	(153,443)	
		\$ 542,772	\$ (7,270)	\$ -	\$ 535,502	

**NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 4 – MORTGAGE LOAN PAYABLE

	2014	2013
Beginning mortgage balance	\$ 321,520	\$ 332,992
Principal payments applied	(321,520)	(11,472)
Ending principal balance	<u>\$ -</u>	<u>\$ 321,520</u>

NOTE 5 - RELATED PARTY TRANSACTIONS

Various directors of NACO also serve on the board of the Indigent Accident Fund, an agency who contracts with NACO for claims administration. Revenues of \$60,000 in 2014 and 2013 from these contracts are identified on the financial statements as Indigent Accident and Supplemental Programs.

Mr. Wayne Carlson, executive director of the Nevada Public Agency Insurance Pool, is authorized to sign checks of NACO in the absence of NACO's executive director with one other NACO authorized signer.

NACO contracts with PARMS for bookkeeping services and paid fees of \$12,000 in 2014 in 2013. PARMS is solely owned by Mr. Wayne Carlson.

NOTE 6 – LEASES

Copier

In February of 2013, NACO entered into a lease agreement with Xerox Corporation for a high-speed copy machine. The copier is classified as an operating lease with minimum monthly payments of \$201.17 for 60 months. Minimum lease payments are as follows:

2016	2,414
2017	2,414
2018	202
	<u>\$ 5,030</u>

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 7 – RETIREMENT

Deferred compensation plan

NACO offers a defined contribution plan in accordance with IRS code section 457(c) to its employees. Employee contributions are voluntarily and are made on a pre-tax basis. Employer contributions are discretionary and in the current year the organization elected to not make any contributions. Employees contributed \$16,562 for both 2014 and 2013. NACO Services, a subsidiary of the National Association of Counties, sponsors the deferred compensation program, which is administered by Nationwide Retirement Solutions.

NACO is covered by the State of Nevada Public Employees Retirement System (PERS). All public employees who meet certain eligibility requirements participate in PERS, which is a cost sharing multiple-employer defined benefit plan. The pension plan issues stand alone financial statements. As of the end of the fiscal year 2014, PERS was 69.3% funded.

NACO does not exercise any control over PERS. Nevada Revised Statute 286.110 states that: “Respective participating public employers are not liable for any obligation of the System”. Contribution rates are established by NRS 286.410. The statute provides for yearly increase of up to 1 percent until such time as the actuarially determined unfunded liability of PERS is reduced to zero. NACO is obligated to contribute all amounts due under PERS. The contribution rate for regular members, based on covered payroll, for 2014 the rate was 25.75% and for the first half of 2013 was 23.75% and 25.75% for the latter half. NACO’s contributions to the plan for 2014 and 2013 were \$57,988 and \$50,076.

NOTE 8 - INSURANCE

NACO is a member of the Nevada Public Agency Insurance Pool (Pool) and Public Agency Compensation Trust (Pact) which was formed by various Nevada municipalities for the purpose of reducing insurance premiums and providing more stable insurance costs for its members. In the event that claims and expenses exceed net assets of the Pool or Pact, special assessments may be made to their members. Pool provides property and casualty insurance and Pact provides workers compensation coverage.

NOTE 9 – LITIGATION AGREEMENT

NACO entered an agreement with Mark Pollot, Esq. on April 19, 2013 to provide legal services in respect to litigation against the Department of the Interior, the Bureau of Land Management (BLM) and other relevant defendants pertaining to the failure of the BLM and relevant defendants to administer the Wild Horse and Burro program in the manner required by the Free Roaming Wild Horse and Burro Act 1971 as Amended (16 U.S.C. § 1331, et seq.). The agreement is for a flat fee of \$82,500 which NACO intends to raise from outside sponsors. NACO also entered into an agreement with the Nevada law firm of Hoffman, Test and Collier on November 27, 2013 for a not to exceed amount of \$2,100 for local representation on behalf of Mark Pollot. Funds for this agreement are also to be raised from outside sources.

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS

Plan Description:

NACO contributes to an agent multiple-employer defined benefit postemployment healthcare plan, Public Employees' Benefits Plan (PEBP), for eligible retired employees as per NRS 287.023. The plan provides medical, vision, dental, and life insurance benefits to eligible retired employees. Employees of NACO are not eligible for participation in the Plan, but if an employee qualifies for the Plan based on service years as an employee of the State of Nevada, NACO may be required to contribute toward the costs of providing postemployment benefits.

Benefit provisions for PEBP are administered by the State of Nevada. NRS 287.043 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. Local governments are required to pay their pro-rata cost to provide coverage for persons joining PEBP. PEBP does not issue a publicly available financial report. Some of NACO's current and past employees may qualify for participation in the plan in the future. As of the date of the Independent Auditors' Report, only one past employee is a participant in the Plan.

Funding Policy:

PEBP, NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired employees. The unsubsidized retiree plan rates in effect for fiscal year 2014 range from \$289 to \$1,047 depending on which plan type the retiree chooses and their length of service. The participating plan member's monthly contribution is deducted from their pension checks based on the plan chosen, reduced by the amount of the subsidy; therefore, their contribution amounts are not available.

For the plan year ended December 31, 2014 there is one former employee who receives a subsidy from NACO for their OPEB. As a participating employer, NACO is billed for their portion of the subsidy on a monthly basis and is legally required under NRS 287.023 to provide for it. For fiscal years 2014 and 2013 NACO was billed for \$1,104 and \$1,963 for their share of the subsidy. The contribution requirements of plan members and NACO are established and amended by the PEBP Board of Trustees. Payments will be made annually as calculated by PEBP and expensed when paid.

PRINCIPAL VALUATION RESULTS

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Present Value of Benefits		
Retiree	\$37,491	\$ 54,851
Assets	-	-
Unfunded actuarial accrued liability	<u>\$37,491</u>	<u>\$ 54,851</u>
	=====	=====

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 11 –SUBSEQUENT EVENTS

Management has evaluated the activities and transactions subsequent to December 31, 2014 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended December 31, 2014. Management has evaluated subsequent events through August 18, 2015 which is the date the financial statements were available for issue.

NEVADA ASSOCIATION OF COUNTY COMMISSIONERS
SUPPLEMENTAL INFORMATION – BUDGET TO ACTUAL COMPARISON
December 31, 2014

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
OPERATING REVENUES:				
Membership and conference fees	\$ 424,604	\$ 424,604	\$ 420,500	\$ (4,104)
Indigent accident and supplemental programs	60,000	60,000	60,000	-
National programs and associate sponsors	56,000	56,000	44,436	(11,564)
Grant revenues	-	-	29,825	29,825
Interest income	2,000	2,000	219	(1,781)
Wild horse & burro and land task force	-	-	-	-
Other income	-	-	32,793	32,793
Total operating revenues	542,604	542,604	587,773	45,169
OPERATING EXPENSES:				
Salaries and employee benefits	341,249	341,249	333,100	8,149
Post retirement benefits	-	-	1,104	(1,104)
Mortgage interest	-	-	9,149	(9,149)
Building maintenance, repairs & property tax	23,099	23,099	13,157	9,942
Utilities	6,500	6,500	6,348	152
Legislative	4,000	4,000	1,289	2,711
Membership conference	40,000	40,000	45,702	(5,702)
Publications and printing	11,500	11,500	7,645	3,855
Office and other operating expense	98,791	98,791	64,342	34,449
Staff and representative travel	56,500	56,500	43,686	12,814
Vehicle expenses	3,000	3,000	4,791	(1,791)
Professional fees	19,500	19,500	19,193	307
Grant expenditures	-	-	26,825	(26,825)
Wild horse & burro and land task force	-	-	32,793	(32,793)
Depreciation and amortization	-	-	36,366	(36,366)
Total expenses	604,139	604,139	645,490	(41,351)
Operating income	(61,535)	(61,535)	(57,717)	3,818
NON-OPERATING REVENUES				
Increase in non-operating investment income	-	-	19,315	19,315
Total non-operating revenues	-	-	19,315	19,315
Net Position	\$ (61,535)	\$ (61,535)	\$ (38,402)	\$ 23,133

777 E. William St. Suite 206
Carson City, NV 89701
Tel 775.882.8892
Fax 775.562.2667

Email: Michael@bertrandcpa.com

August 21, 2015

To the Board of Directors
Nevada Association of Counties

We have audited the financial statements of the business-type activities of **Nevada Association of Counties (NACO)** for the year ended **December 31, 2014**. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. Professional standards require that we provide you with the following information related to our audit which is divided into the following two sections:

Section I – Required Communications with those Charged with Governance

Section II – Other recommendations and related information

Section I includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the Board in our audit committee letter.

Section II presents recommendations related to internal controls, procedures, and other matters during our current audit year. These comments are offered in the interest of helping the board in its efforts toward continuous improvement, not just in the areas of internal controls and accounting procedures, but also in operations administrative efficiency and effectiveness.

Section I – Communications Required under AU 260

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 5, 2014, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole, and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter regarding planning matters dated November 25, 2014.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by NACO are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year audited.

We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

The most sensitive estimates affecting NACO's financial statements were for accounts receivable and compensated absences. The tracking of grants and other revenues and expenditures where NACO acts as a pass through organization were not properly reflected on the financial statements and required adjustments.

Management's estimate of the accounts receivable is based on their judgment on what they believe is collectible derived from known facts. The estimate for compensated absences is based on accrued time valued at each employee's current pay rate as of year-end. The value of that balance will change dependent upon the pay rate at the time it is used.

We evaluated the key factors and assumptions used to develop the accounts receivable balance and compensated absences balance in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was regarding the pay off of the mortgage note subsequent to year end.

The bookkeeper is not using a schedule to track grant revenues and expenditures for the wild horse and burro legal funds and land management task force transactions which has resulted in large proposed adjustments in the financial statements at year end. We recommended in our prior year letter that the bookkeeper be provided all the accounting transactions and agreements related to these accounts so that transactions can be properly classified and reported. This is a material weakness in internal controls when the bookkeeper is not provided all the data and related agreements. Management has agreed and accepted the proposed adjustments and

recommendations and has stated procedures are now implemented to provide adequate controls in this area.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatement

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material individually, however in the aggregate the adjustments were material to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 21, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Section II – Other Recommendations and Related Information

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We provided an audit committee recommendations letter to the fiscal officer. In that letter we identified exceptions and noted and recommendations.

This information is intended solely for the use of board of directors charged with governance and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bertrand & Associates, LLC

Bertrand & Associates LLC

The following link is support
for agenda Item 6

<http://nevadaveteransmemorial.org/>

The following links are support for agenda
Item 7

<http://www.leg.state.nv.us/Session/78th2015/Reports/history.cfm?ID=362>

<http://www.leg.state.nv.us/Register/2015Register/R037-15P.pdf>

The following link is support
support for agenda
Item 8

http://www.leg.state.nv.us/Session/78th2015/Bills/AB/AB191_EN.pdf

The following link is support for agenda
Item 9

<http://www.i11study.com/>

The following pages are support for agenda
Item 10

Improving Lives in Nevada through Delivery of Evidence-Based Knowledge

Consolidating CABNR, UNCE, and NAES to Increase Impact on Nevadans

Background

The uniquely American Land-Grant university system is based upon the Morrill Act of 1862, which financed public universities in each state through federal land grants, the Hatch Act of 1887, which financed Agriculture Experiment Stations in each state, and the Smith-Lever Act of 1914, which financed Cooperative Extension Services in each state. The original focus of land-grant universities was agriculture and mechanics, but this has evolved with time. Foci within colleges of agriculture have expanded to include: agricultural systems; food security, nutrition & health; environmental stewardship; energy and bioproducts; and youth, family & communities. This expansion is also reflected at the national level. Today, 76% of USDA's budget is for nutrition assistance, and only 5% goes to "Rural Development, Research, Food Safety, Marketing and Regulatory, and Departmental Management functions." USDA's National Institute of Food and Agriculture (NIFA) has programs that address: Children, Youth, and Families at Risk; Food Insecurity Nutrition Incentives; Childhood Obesity Prevention; and Education and Literacy. What has remained constant, however, is the federal-state partnership that supports integrated research, teaching, and extension to deliver evidence-based knowledge to citizens, with a view towards achieving impact and improving quality of lives. The land grant system has transformed countless lives and indeed American society.

At the University of Nevada, Reno, the College of Agriculture, Biotechnology, and Natural Resources (CABNR), the Nevada Agriculture Experiment Station, (NAES), and University of Nevada Cooperative Extension (UNCE) are part of the land-grant legacy. All three have evolved with time to address new societal needs and in response to new realities. Nonetheless, as part of the land-grant legacy, their basic mission remains to improve lives through teaching, research, and extension.

It is our belief that the level of collaboration and coordination among CABNR, NAES, and UNCE could be improved. A corollary is that the level of impact on Nevadans could also increase. We believe that restructuring of CABNR, NAES, and UNCE under one administrative unit would improve collaboration, coordination, and impact through gained efficiencies in delivery of evidence-based knowledge, administration, space utilization, and teaching.

There are several reasons for this. Researchers who are better informed about client needs, perceptions, and priorities are more likely to target those needs in their research. Extensionists, who typically spend much more time in the community throughout the state among stakeholders, are uniquely qualified to inform researchers about client needs and perceptions. Collaborative research that includes researchers and extensionists, and involves clients, is more likely to have impact. Restructuring would facilitate CABNR/UNCE/NAES working groups on specific topics. Integrated, interdisciplinary working groups could be formed to address any number of client needs, such as those in nutrition, range management, biotechnology, water management, or horticulture. Restructuring will allow for better communication within and between groups, and for more efficient allocation of resources among groups. With the right leadership, restructuring would foster collaboration, and help reduce competition or lack of trust between groups.

4. Single Advisory Board:

The **benefit** of reconfiguring the advisory boards of UNCE, NAES and CABNR will be a streamlined cadre of board members, which will enhance opportunities for CABNR, NAES, and UNCE to engage with diverse populations and stakeholders, including those in southern Nevada.

The **challenges** include disrupting and possibly alienating some members of current advisory boards. Simple addition of the boards will be overly cumbersome. UNCE, NAES and CABNR must select a subset of board members or recommend replacements for those currently on the board and some board members may be asked to complete their service. Additionally, it must be realized that there are different USDA expectations regarding extension stakeholder groups and research stakeholder groups.

The **solution** lies with the dean and associate deans/directors to work closely with stakeholder groups to reconfigure the advisory boards, including selecting new members.

5. Critical mass of faculty and statewide presence:

The **benefit** of consolidation will be increased numbers of faculty and more visible statewide presence. Benefits also include developing a critical mass needed to develop programs to meet statewide needs and to compete successfully for resources (for example, in calls for proposals for new faculty members from instructional funds).

One **challenge** is associated with increasing the geographic presence of NAES to work more closely with UNCE in the state. NAES's research facilities are currently focused on a limited portion of northern Nevada. As a **solution** the consolidated college must develop a plan with associated funding needs for expanding NAES' geographic presence to other parts of Nevada, including southern Nevada.

6. Improved interdisciplinary connections:

A **benefit** of consolidation will include capitalizing on UNCE's connections and shared positions with colleges throughout the Universities of Nevada Reno and Las Vegas to make cross-college, multi-disciplinary, knowledge-based resources available to Nevada's communities.

A **challenge**, particularly for leadership in CABNR, NAES, UNCE and other units of the University of Nevada, Reno will be to support and incentivize cross-college, multi-disciplinary research that is consistent with the Smith-Lever Act and priorities of USDA and NIFA.

As a short-term **solution** the administration of the University of Nevada can make funding available to the college to develop and support the types of partnerships that should exemplify the strengths and benefits of the proposed administrative change. As a long-term **solution**, the administration of the University of Nevada can recognize and support faculty across campus who exemplify interdisciplinary and cross-college research, teaching, and outreach. A long-term **solution** will be to continue to compete for joint positions with other colleges within the University of Nevada as appropriate and to establish collaborative programs with other institutions in the Nevada System of Higher Education.

and fiscal functions (including those of CABNR's departments), to create a group approach to specific human resources and fiscal functions. The **solutions** can include rethinking fiscal and human resources organization in light of administrative retirements that will be taking place in CABNR in 2015. The **solution** includes engaging the University of Nevada's Human Resources Department, especially for analyzing workloads and identifying efficiencies. A **solution** also includes building a statewide information technology team, perhaps including the University of Nevada's information technology department, to meet the demands for computing support, especially in county offices far from campus.

9. Effecting the transition—a team approach:

A study commissioned¹ by President Marc Johnson in 2013 documented the many challenges and issues associated with consolidating CABNR, NAES, and UNCE. On one level, the team effecting the transition must include the President and Provost, the dean of CABNR and the director of UNCE. On another, the transition team must be composed of faculty and staff. The **benefits** of a team approach include fostering and supporting a working atmosphere of constructive partnership and excitement about the future from the beginning of the process.

The **challenges** of the team approach include massive detail and a recent history of resistance and perceived inequity.

The **solution** lies in clear and frequent direction from the dean and associate deans/directors of CABNR, NAES, and UNCE, with initial enthusiastic encouragement and a clear demonstration of investment in the future.

¹ UNCE/CABNR Planning Group Report, Blomquist, G., et al. 2/1/2013.



Nevada Association of Counties

304 South Minnesota Street

Carson City, NV 89703

775-883-7863

www.nvnaco.org

July 11, 2013

Marc Johnson
President
University of Nevada, Reno
Clark Administration 200
1664 N. Virginia Street
Reno, NV 89557-001

Dear President Johnson:

The Nevada Association of Counties Board of Directors on June 28th received a presentation from Provost Kevin Carman regarding your decision to postpone the proposal for a single administrative leader for the College of Agriculture, Biotechnology and Natural Resources and the University of Nevada Cooperative Extension for two years. I also provided the Board with a copy of your June 13th letter and briefed them on the June 5th meeting you hosted for the group of current and former County Commissioners.

As you know, NACO has been very interested in the proposed merger of leadership positions because Nevada's counties place a high value on their partnership with Cooperative Extension. The Board wanted me to express their appreciation to you for continuing the dialogue with them and taking into considering their concerns. The Board wanted to let you know that they are pleased by your decision and happy that you are willing to meet with them on a quarterly basis to explore ways to support programs that connect their citizens to UNR.

NACO looks forward to working with you to strengthen the partnership between Nevada's Land Grant University and Nevada's counties and to engage a greater range of university expertise in solutions to issues facing county residents.

Sincerely,

A handwritten signature in blue ink that reads "Jeffrey Fontaine".

Jeffrey Fontaine
Executive Director

Cc: Board of Regents
Chancellor Dan Klaich
NACO Board of Directors
County managers



University of Nevada, Reno



Marc A. Johnson

President

June 13, 2013

Jeff Fontaine
Nevada Association of Counties
304 S. Minnesota St.
Carson City, NV 89703-4270

Dear Jeff:

Thank you very much for convening the group of current and former County Commissioners, on June 5, to discuss the University's proposal to merge the leadership positions of the separate units of University of Nevada Cooperative Extension (UNCE) and the College of Agriculture, Biotechnology and Natural Resources (CABNR). As you know, Provost Carman and I have been engaged in extensive dialogue over the past few months regarding the leadership structure of CABNR and UNCE. In addition to discussions with CABNR and UNCE faculty and staff, we have met with County Commissions, Extension staff and resident stakeholders in 16 counties. We have had focused discussions with representatives from the Nevada Association of Counties (NACO) and have vetted our proposed leadership structure with the UNR Faculty Senate. We have listened carefully and have responded to concerns expressed during these discussions. We were especially moved by the suggestions of your Board members to take more time to build a trusting relationship between the University and Counties of Nevada.

Therefore, I have decided that we will postpone our proposal for a single administrative leader for CABNR and UNCE for two years. We will launch a national search to identify a Dean of CABNR and Director of the Nevada Agricultural Experiment Station. We will conduct an internal search to identify an interim Director/Dean of UNCE who will serve in this capacity for the next two years. The University will continue with the operating policies identified in our response to county concerns:

1. There will be no further UNCE budget reductions after the one-year bridge fund expires on June 30, 2013.
2. No current UNCE positions will be removed from county locations to the university campus.
3. There will be no further split appointments between UNCE and teaching responsibilities.

Office of the President

Clark Administration, Room 201

University of Nevada, Reno/001

Reno, Nevada 89557-0001

(775) 784-4805

marc@unr.edu

www.unr.edu/president

Finally, we look forward to accepting your offer to have an agenda item for a visit by the University (including UNCE) at each of your quarterly NACO meetings. I believe these actions will allow time to build a stronger, comprehensive relationship between Nevada's Land Grant University and Nevada's counties, as well as build a stronger bond of UNCE with other university units to engage a greater range of university expertise in solutions to issues facing county residents.

Thank you for the continuing discussion. Provost Kevin Carman will attend the June 28 NACO Board meeting to discuss our plan of action with you and your fellow board members.

Sincerely,



Marc A. Johnson

The following pages are support for agenda
Item 14



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Nevada State Office
1340 Financial Boulevard
Reno, Nevada 89502-7147
<http://www.blm.gov/nv>

AUG 06 2015

In Reply Refer To:
1610 (NV930)

Honorable Brian Sandoval
Governor of Nevada
One Hundred One North Carson Street
Carson City, Nevada 89701

Dear Governor Sandoval:

This is in response to your letter dated July 29, 2015, which provided your consistency review of the Nevada and Northeastern California Greater Sage-Grouse Proposed Land Use Plan Amendment and Final Environmental Impact Statement (LUPA/FEIS). The Governor's consistency review is an important part of the Bureau of Land Management's (BLM) land use planning process. Partnership between the State and the BLM is an integral part of successful land management. Our partnership is particularly important as we work to address the threats to Greater Sage-Grouse (GRSG) and its habitat to potentially avoid a determination by the Fish and Wildlife Service (FWS) that the species is warranted for listing under the Endangered Species Act (ESA). We greatly appreciate the time and attention taken by you and your staff on this important effort.

The Nevada and Northeastern California Proposed LUPA/FEIS is part of an unprecedented and proactive partnership to conserve GRSG and its habitat by incorporating conservation measures in the land use plans. The Nevada and Northeastern California Proposed LUPA/FEIS builds upon the foundation for GRSG conservation initiated by the State of Nevada's GRSG plan. The Proposed LUPA/FEIS also reflects guidance developed by the BLM to incorporate FWS feedback on the draft EISs. All of the Proposed Plans and FEISs were developed in coordination with a range of stakeholders and cooperators, including state fish and wildlife agencies and the Western Governors Association Sage-Grouse Task Force.

The purpose of the GRSG planning effort is to identify and incorporate conservation measures to conserve, enhance and restore GRSG habitat by reducing, minimizing, or eliminating threats to that habitat in a manner that provides sufficient regulatory certainty to the FWS that will hopefully support a finding that Endangered Species protection is not warranted. The plans were developed in collaboration with state officials to reflect local ecological conditions and resource needs by incorporating many measures recommended by the State. In order to provide a high degree of certainty for regulatory mechanisms, the BLM has included some common elements across the range to address specific threats to the bird and to provide for a net conservation gain for the GRSG and its habitat to reduce the need to list the species under the Endangered Species Act. The plans allow for state-based variations where difference approaches or priorities were consistent with the overall conservation objectives, and can continue to provide adequate regulatory certainty.

The BLM is able to address some of the concerns outlined in your letter either through a change or a commitment to clarify our intent, particularly with regard to valid existing rights, habitat objectives, mitigation for anthropogenic disturbance, habitat map updates, and travel management. The BLM looks forward to continued collaboration with the state in the coming weeks to finalize that language. The standard for review and the specific responses to issues raised is found below.

Statutory and Regulatory Framework for Consistency Review

In considering your recommendations, I am guided by the BLM's planning regulations in 43 C.F.R. §1610.3-2. These regulations implement Section 202 (c)(9) of the Federal Land Policy and Management Act of 1976 (FLPMA), as amended, 43 U.S.C. § 1712(c)(9), which states in part:

In the development and revision of land use plans, the Secretary shall...to the extent consistent with the laws governing the administration of the public lands, coordinate the land use inventory, planning, and management activities of or for such lands with the land use planning and management programs of other Federal departments and agencies and of the States and local governments within which the lands are located, including, but not limited to, the statewide outdoor recreation plans developed under the Act of September 3, 1964 (78 Stat. 897), as amended [16 U.S.C. 4601–4 et seq. note], and of or for Indian tribes by, among other things, considering the policies of approved State and tribal land resource management programs. In implementing this directive, the Secretary shall, to the extent he finds practical, keep apprised of State, local, and tribal land use plans; assure that consideration is given to those State, local, and tribal plans that are germane in the development of land use plans for public lands; assist in resolving, to the extent practical, inconsistencies between Federal and non-Federal Government plans, and shall provide for meaningful public involvement of State and local government officials, both elected and appointed, in the development of land use programs, land use regulations, and land use decisions for public lands, including early public notice of proposed decisions which may have a significant impact on non-Federal lands. Such officials in each State are authorized to furnish advice to the Secretary with respect to the development and revision of land use plans, land use guidelines, land use rules, and land use regulations for the public lands within such State and with respect to such other land use matters as may be referred to them by him. Land use plans of the Secretary under this section shall be consistent with State and local plans to the maximum extent he finds consistent with Federal law and the purposes of this Act.

The regulations state that RMPs and amendments to RMPs "shall be consistent with officially approved or adopted resource related plans, and the policies and programs contained therein" of State and local governments and Indian Tribes "so long as the guidance and resource management plans [of the State and local government and Tribe] are also consistent with the purposes, policies, and programs of Federal laws and regulations applicable to public lands...." 43 C.F.R. §1610.3-2(a). In the absence of such plans, RMPs and amendments shall "be consistent with officially approved and adopted resource related policies and programs" to the maximum extent possible and "so long as the guidance and resource management plans are consistent with the policies, programs, and provisions of Federal laws and regulations applicable to public lands..." 43 C.F.R. §1610.3-2(b).

Working in close collaboration with officials in the Nevada Department of Wildlife and your office, the BLM incorporated significant portions of the Nevada Greater Sage-Grouse Conservation Plan (State Plan) into the Nevada and Northeastern California Proposed LUPA/FEIS, including the concept of "avoid, minimize, and apply compensatory mitigation" at the project level in priority and general habitat management areas (PHMA and GHMA), future use of the Nevada Conservation Credit System (CCS), inclusion of the updated (August 2014) USGS habitat map, exclusion of the one per six hundred and forty acre disturbance density cap, and application of similar seasonal habitat objectives for GRSG.

However, the BLM has determined that some aspects of the State's recommendations would not be consistent with the purposes, policies, and programs of federal laws applicable to public lands. Specifically, FLPMA generally requires the BLM to manage public lands for multiple-use and sustained yield, taking into account the long-term needs of future generations for renewable and non-renewable resources -- including fish and wildlife -- and to seek achievement and maintenance in perpetuity of renewable resources. 43 U.S.C. 1732(a); 1702(c), (h); 1701(a)(8). The BLM's Special Status Species Manual sets forth BLM policy with respect to FLPMA's consideration of wildlife and fish and renewable resources. In particular, the objectives of the special status species policy are A) to conserve and/or recover ESA-listed species and the ecosystems on which they depend so that ESA protections are no longer needed for these species; and B) to initiate proactive conservation measures that reduce or eliminate threats to Bureau sensitive species to minimize the likelihood of and need for listing of these species under the ESA. Manual No. 6840, Section .02(A)(B).

Further policy is found in BLM's IM 2012-044 (Dec. 27, 2011), which initiated the "BLM National Greater Sage-Grouse Land Use Planning Strategy" and provided guidance and direction for the agency's consideration of GRSG conservation measures. The IM and the planning strategy were initiated in response to the FWS' March 2010 decision finding, in part, that existing regulatory mechanisms found in the BLM's LUPs were inadequate to protect the species. The IM states that "the BLM needs to incorporate explicit objectives and desired habitat conditions, management actions, and area-wide use restrictions into land use plans" in order to "conserve sage-grouse and its habitat and potentially avoid an ESA listing." IM 2012-044. In addition, the Approved RMP Amendment will be consistent with the BLM's 2004 National Sage-Grouse Habitat Conservation Strategy which calls for managing public lands in a manner that will maintain, enhance and restore sage-grouse and sagebrush habitats while continuing to provide for multiple uses of lands under BLM stewardship.

In accordance with FLPMA's direction to manage the public lands pursuant to principles of multiple use and sustained yield and the policy direction set forth in IM 2012-044 and the BLM's 2004 National Sage-Grouse Habitat Conservation Strategy, in addition to the BLM's Special Status Species Manual, the BLM's purpose for this planning effort is to identify and incorporate appropriate conservation measures in LUPs to conserve, enhance and/or restore GRSG habitat by reducing, eliminating, or minimizing threats to that habitat. The goal of the BLM's GRSG conservation strategy rangewide is to provide for the conservation of the GRSG and its habitat and to provide the FWS with regulatory certainty that in turn will potentially preclude a determination that the species is warranted for listing.¹ To the extent a particular recommendation is inconsistent with that goal or the policies identified above, the BLM has respectfully declined to adopt it. See 43 U.S.C. 1712(a)(9); 43 U.S.C. 1610.3-2.

To ensure that we have fully responded to your concerns, the issues you identified in your consistency review are listed below, and are followed by the BLM's response. Please note that the BLM generally only responded to issues that you identified as being inconsistent with your State's (or other local and tribal) plans and not issues of disagreements with portions of the Proposed LUPA/FEIS. In addition, the BLM provides information to resolve several areas of disagreement and provide appropriate clarification to address concerns as we finalize the plans.

¹ Notably, the chairs of the Sage Grouse Task Force recognized this goal in 2011 by making a commitment to develop an action plan that "prescribes near-term conservation measures, that when added to the body of past and current efforts would ensure a viable sage-grouse population in the West and preclude the listing of the species." (Mead, Hickenlooper, and Pool Letter, June 2011)

State of Nevada's Recommendations and the BLM's Responses

Issue: Inconsistencies Poorly Identified and Inadequately Addressed

Governor's Recommendation: Reconsider the identified inconsistencies and either incorporate the State Plan, or provide legitimate responses for the inconsistencies. The State of Nevada is especially interested in specific responses regarding inconsistencies related to the issues detailed in their letter. Attached to this letter is correspondence and requests that I received from local jurisdictions, state agencies and other interested parties for your reconsideration and a more complete and legitimate response for the record. Please also identify, specifically, which federal laws are allegedly inconsistent with our state and local governments to resolve these inconsistencies, as opposed to simply dismissing them as the LUPA/FEIS does.

BLM Response: Your letter alleges that BLM has not followed the process of identifying or addressing inconsistencies with state or local plans, policies, or programs. Since it does not itself identify a particular inconsistency for BLM to resolve, it is not the proper subject of consistency review under 43 1610.3-2(e) and BLM respectfully declines to adopt your recommendation. Chapter 6 of the LUPA/FEIS provides a thorough discussion of the Consultation and Coordination process. Specifically, section 6.4 discusses coordination and inconsistency with State Plans, policies and procedures; inconsistencies with County Plans, policies, and procedures; and inconsistencies with Tribal Plans, policies, and procedures. In addition, section 6.6.2 discusses the public comment process on the Draft LUPA/EIS. More specifically, there is a write-up on the comment analysis methodology. Every letter that was received was assigned an identification number, and logged into a Web-based database that allowed us to organize, categorize, and respond to comments. Each letter was carefully reviewed for substantive comments. Substantive comments from each letter were coded to appropriate categories based on content of the comment, retaining the link to the commenter. The BLM relied on the Council of Environmental Quality's regulations and BLM's NEPA handbook to determine what constituted a substantive comment. If substantive comments were received from the State, Counties or Tribes, they were responded to in Appendix C, *Response to Comments on the Draft Land Use Plan Amendment/Environmental Impact Statement*, in the Proposed LUPA/FEIS. Comments similar to each other were grouped under a topic heading, and the BLM drafted a statement summarizing the issues contained in the comments. The statements were crafted to respond to the comments, and, if warranted, a change to the FEIS was made.

The Proposed LUPA/FEIS identified known inconsistencies with officially-approved state or local plans, policies, or programs and how those issues were addressed. As described in the beginning of this letter, the BLM adopted several key components of the State Plan. However, through evaluation of the Draft EIS documents and draft plans with the FWS, the BLM determined that additional conservation measures were needed to provide additional regulatory certainty were necessary to meet the conservation objectives for the plan and . As a result, the BLM believes the Nevada and Northeastern California Proposed LUPA/FEIS provides the appropriate conservation measures to conserve, enhance and restore GRSG habitat by reducing, minimizing, or eliminating threats to that habitat on BLM administered lands and provides regulatory certainty for the conservation of GRSG and its habitat so as to potentially avoid the need to list the species.

Issue: Sagebrush Focal Areas (SFAs)

Governor's Recommendation: SFAs should be eliminated as a component of the Proposed LUPA/FEIS. If SFAs must remain, BLM should work with the expertise of Nevada's conservation and wildlife staff to identify the true "best of the best," and must limit any moratorium, segregation or withdrawal of locatable minerals to a scientifically based time period that allows for re-entry or a lifting of any such moratorium at such time as science shows that relevant sage-grouse populations are stable or increasing.

BLM Response: The BLM respectively declines to adopt this recommendation because it would not be consistent with the purposes, policies and programs of federal laws and regulations applicable to public lands, in particular BLM's Sage-Grouse Strategy, its Special Status Species Policy, and its goal to provide regulatory certainty for the conservation of the Greater Sage-Grouse and its habitat so as to potentially reduce the need to list the species.

On October 27, 2014, the USFWS provided the BLM a memorandum titled "Greater Sage-Grouse: Additional Recommendations to Refine Land Use Allocations in Highly Important Landscapes." The memorandum and associated maps provided by the USFWS identified areas that represent recognized "strongholds" for GSG that have been noted and referenced as having the highest densities of GRSG and other criteria important for the persistence of the species. In this memorandum, FWS Director Dan Ashe specifically stated that, "Strong, durable, and meaningful protection of federally-administered lands in these areas will provide additional certainty and help obtain additional confidence for long term sage-grouse persistence."

To ensure that these areas received the highest level of protection possible, to provide durable protection from further surface disturbance while recognizing valid existing rights, and consistent with the statement of the Director of the FWS and direction provided by the FWS in their October memorandum, the recommendations by the National Technical Team and Conservation Objectives Team, the PRMP identifies a subset of the Priority Habitat Management Areas as "Sagebrush Focal Areas" (SFAs), which are a portion of the FWS identified "strongholds" administered by the BLM. The PRMP applied the following conservation measures in SFAs, all of which were analyzed in the draft EIS: recommending these areas for withdrawal from the Mining Law of 1872, subject to valid existing rights, and applying a no surface occupancy (NSO) stipulation, without waiver, exception, or modification, for fluid mineral leasing.

In November 2014, the states were notified, through a conference call, of this additional recommendation for stronghold conservation by the FWS and on January 20, 2015, the BLM presented BLM's draft proposed management for these SFAs to the 11 state agencies in attendance at the WGA Sage Grouse Task Force meeting. In addition, the State, as a cooperating agency, was provided with the opportunity to review the administrative draft proposed LUPA in early May 2015, where these conservation measures for SFAs were outlined.

As to your specific request to limit the recommended withdrawal to a scientifically-based time period, it is important to note that modifying the timing of the withdrawal is outside the scope of the LUPA/FEIS. The withdrawal recommendation does not include a recommendation as to the possible duration of the withdrawal, as that will be considered in a future process not related to this planning effort. The Proposed LUPA recommends the withdrawal; the Secretary of the Interior reviews the recommendation and based on the proposal and subsequent processes, including a public comment period, can make a withdrawal subject to particular time limits imposed by FLPMA (usually 20 years). The Secretary has stated that through the separate withdrawal process to implement the BLM plan recommendations – which will be public and transparent – she will work closely with the states and the public at large to consider information on mineral potential, including rare earths, as well as the importance of these areas as sagebrush habitat in making the decision as to what lands will be withdrawn and for how long.

In light of the BLM's Greater Sage-Grouse Strategy, its Special Status Species Policy, and its goal to provide regulatory certainty for the conservation of the GRSG and its habitat so as to potentially avoid the need to list the species, the BLM finds it is essential to manage SFAs as presented in the Proposed LUPA/FEIS, and respectfully declines to adopt your recommendation to eliminate or reevaluate their recommended boundaries or specifically impose a recommended time limit.

Issue: Anthropogenic Disturbance Cap

Governor's Recommendation: The disturbance cap concept should be removed from the preferred alternative. The State of Nevada spent considerable time, resources, and funding to create the rigorous and scientifically based CCS. The CCS adequately accounts for the quality of habitat and the availability of seasonal habitat types both at the BSU level and the project level, and makes a disturbance cap unnecessary, even possibly counterproductive to achieving net conservation gain. If a disturbance cap remains in the LUPA, additional conditions should be inserted whereby the cap at the BSU level is a temporary backstop to give time for the CCS to prove its effectiveness. When the CCS is proven to be effective the disturbance cap would no longer be required. I also recommend that if a disturbance cap remains that the cap be calculated solely at the BSU level and not the project level.

BLM's Response: The BLM includes the Disturbance Cap Protocol in GRSG PHMAs in Nevada as per the Proposed LUPA/FEIS, Appendix F, *Greater Sage-Grouse Disturbance Cap Guidance*, to limit development in PHMA and ensure regulatory certainty that development will not impact the continued conservation of GRSG. Based on best available science, when disturbance exceeds three percent at either scale, GRSG numbers are affected and tend to decline (derived from Holloran 2005, Walker et al. 2007, Doherty et al. 2008, Naugle et al. 2011). Disturbance caps at both the BSU and the project scale are necessary to account for the amount of existing disturbance at both scales. Calculating disturbance for each additional anthropogenic disturbance placed on the landscape is particularly important at the project scale to ensure that GRSG numbers and habitat acreages remain stable or increase. Further, calculations at both of these scales are intended to encourage clustering of disturbance and discouraging development in undisturbed habitat.

BLM understands and supports the State of Nevada's efforts to implement and demonstrate the effectiveness of the CCS. The Proposed LUPA/FEIS provides numerous opportunities to allow that to occur, especially for new mining activities and future rights-of-ways. As the CCS is implemented, the BLM looks forward to utilizing the CCS as an important tool in mitigating the impacts of habitat disturbance on Greater Sage-Grouse survival. It is important to note that some flexibility was provided in the three percent disturbance cap because of the limited nature of certain habitat types in Nevada and the likelihood that Nevada's Disturbance Cap Protocol will adequately protect habitat. Thus, the BLM respectively declines to adopt this recommendation because it would not be consistent with the purposes, policies and programs of federal laws and regulations applicable to public lands, in particular BLM's Sage-Grouse Strategy, its Special Status Species Policy, and its goal to provide regulatory certainty for the conservation of the Greater Sage-Grouse and its habitat so as to potentially reduce the need to list the species.

Issue: Land Use Allocations that Create Exclusion Areas

Governor's Recommendation: Land use allocations that specifically close areas regardless of mitigation should be removed and the LUPA/FEIS should instead utilize the rigor of the State Plan's "avoid and minimize" process. Those disturbances that cannot be avoided or completely minimized should then run through the rigor of the CCS which identifies and recognizes the highest quality habitat, as mapped and verified on the ground and provides for a system through mitigation ratios, habitat quality, distance criteria and many other factors to ensure the protection and conservation of the habitat. If large areas of land use closures remain in the LUPA/FEIS there needs to be an exception allowing for some level of disturbance provided that a net conservation gain can be achieved.

BLM's Response: The Nevada and Northeastern California Proposed LUPA/FEIS clearly recognizes the "avoid and minimize" process and states it as Objective SSS 4 in the plan: "In PHMAs and GHMAs,

apply the concept of ‘avoid, minimize, and compensatory mitigation’ for all human disturbance not already excluded or closed, so as to avoid adverse effects on GRSG and its habitat. The first priority will be to avoid new disturbance; where this is not feasible, the second priority would be to minimize and compensate any unavoidable, new disturbance.” The proposed plan emphasizes avoiding new disturbance avoidance in the most important habitat through allocations that provide regulatory certainty to the FWS rather than defer decisions on protections to project-by-project authorizations.

In PHMA, commercial wind development is excluded specifically for the purpose of avoiding disturbance in the habitat most important for the bird. Although commercial wind development (20 megawatts or more) is excluded, the Proposed LUPA/FEIS still allows for wind facilities associated with existing industrial infrastructure to provide for on-site power generation, as well as wind facilities less than 20 megawatts, subject to a net conservation gain standard. These exceptions afford opportunities to work with the SETT on the CCS process.

It is important to note that the solar exclusion was established in the Programmatic Solar EIS completed in October 2012 and was not changed by this plan amendment. The Proposed LUPA/FEIS continues to allow for consideration of solar facilities on existing industrial infrastructure to provide on-site power generation (not commercial) subject to a net conservation gain. This exception provides opportunities to use the CCS when undergoing NEPA for such facilities.

The only other resource uses that are “closed” in PHMA are non-energy leasable minerals and salable minerals. Both of these allocations have exceptions to allow for expansion of existing mineral facilities, thus providing for some level of new disturbance that could be subject to the CCS, provided that a net conservation gain can be achieved. There are no closures or exclusions in GHMA except for commercial solar energy development, which was an allocation decision that was carried forward from the Programmatic Solar EIS, which was completed in October 2012.

The BLM respectfully declines to adopt this recommendation because it is not consistent with the purposes, policies and programs of federal laws and regulations applicable to public lands, in particular BLM’s Sage-Grouse Strategy, its Special Status Species Policy, and its goal to provide regulatory certainty for the conservation of the Greater Sage-Grouse and its habitat so as to potentially reduce the need to list the species.

Issue: Mineral Rights

Governor’s Recommendation: Work with the Nevada Division of Minerals and the SEP to clarify that sage-grouse measures will be implemented within existing surface management regulations, that questions of valid existing rights (VERs) in relation to locatable mineral rights are limited to potential withdrawal areas, and that, if implemented, the 3% anthropogenic disturbance cap does not apply to exploration and mining disturbance authorized under surface management regulations.

BLM Response: The recommendation does not identify an inconsistency with State or local resource related plans, policies, or programs; therefore a detailed response is not required under the Governor’s Consistency process. The BLM will seek to provide additional clarity regarding valid existing rights in the ROD and subsequent implementation direction.

Issue: Habitat Objectives and Associated Management Actions

Governor’s Recommendation: The Habitat Objectives in Table 2-2 and its associated management actions are inconsistent with existing Resource Management Plans, as well as state and local plans. The

BLM should incorporate the introductory language (text of Section 4.0) and the desired habitat conditions (Table 4-1) from the State Plan for consistency of application.

The FEIS implements unduly restrictive livestock grazing actions that do not include all available tools for proper range management to address site-specific concerns. The Proposed LUPA/FEIS should make the management actions for both the Livestock Grazing and Wild Horses and Burros sections consistent with state and local plans, and should ensure that the management actions are implemented according to federal law.

BLM Response: The habitat objectives will be incorporated into all activities, including grazing permit renewals, Allotment Management Plans, Herd Management Plans, as well as restoration and rehabilitation plans associated with permitted or authorized anthropogenic activities on BLM lands. The BLM will provide clarification on this in the ROD.

Your comment indicates that the GRSG habitat objectives are inconsistent with existing Resource Management Plans. It is important to note that Nevada and Northeastern California GRSG planning effort is a Plan Amendment, and therefore will amend any existing BLM Resource Management Plans for purposes of consistency. Table 2-2 provides habitat objectives for management of GRSG habitats that are based on the best available and local science. The table was developed in cooperation with NDOW, USGS, SETT, a Nevada and northeastern California RAC Subgroup, and USFWS. The management actions in the Proposed LUPA/FEIS related to Table 2-2 will be applied and determined at the local site specific/project level and will be based on Ecological Site Descriptions. The potential for each site will be determined on the ground with NRCS, NDOW, permittees and other state and federal agencies. The habitat objectives are not “one size fits all” objectives and many variables will be considered at the site specific/project level. As is specified in the introduction to Table 2-2, these habitat objectives may not be obtainable on every acre within the designated GRSG habitat management areas. Therefore, the application and determination of whether the objectives have been met will be based on the specific site's ecological potential to meet the desired condition identified in the table.

In addition, there are very few differences between BLM's Table 2-2 and Table 4-1 in the State Plan. The science used is the same for both tables. The State's introduction to the table is also very similar to the BLM's. However, the State's introduction contradicts the BLM's intent for use of the table by excluding the table for landscape level application and incorporation of the table while conducting rangeland health assessments. The State's introduction includes several specifics regarding the application of the table on the ground. These specifics will be developed by the BLM under its implementation plan and is not required in the Proposed LUPA/FEIS, as it is not a site specific/project level document. For these reasons, the BLM respectfully declines to adopt the recommendation to use the State's introduction and the State's Table 4-1 because it is not consistent with the purposes, policies, and programs of federal laws and regulations applicable to public lands.

With regard to your recommendation on livestock grazing actions, livestock grazing is an integral part of the BLM multiple-use mission and is authorized by the Taylor Grazing Act (1934), the Federal Land Policy and Management Act (1976) and the Public Rangeland Improvement Act (1978). While livestock grazing is not recognized as a widespread threat to GRSG habitat, improper range management can be a localized threat to GRSG habitats. In light of the BLM's Greater Sage-Grouse Conservation Strategy, its Special Status Species Policy, and its goal to provide regulatory certainty for the conservation of the GRSG and its habitat so as to potentially avoid the need to list the species, the BLM finds it is essential to include these range management objectives and management decisions in the Proposed LUPA/FEIS and carry them forward into the Approved Resource Management Plan Amendment (ARMPA).

The majority of the livestock grazing management actions in the Nevada and Northeastern California GRSG LUPA are a clarification of our current grazing regulations, and therefore are not “unduly restrictive”, but are required by existing regulation. For purposes of clarification, however, the ARMPA grazing section will include minor edits to management decisions LG 1 and LG 5. Management decision LG 1 will add some supplementary management actions, and will make clear that “...Potential modifications include, *but are not limited to*, changes in the following grazing management practices to improve conditions:....” Management decision LG 5 will also include a qualifier that clarifies the management strategies “may include, *but are not limited to*, the following....” These minor edits should address the State’s concern about “available tools for proper range management to address site-specific concerns”.

By ensuring that the NEPA analysis associated with land-use activities, including, but not limited to, livestock grazing permit renewals and modifications, includes specific adaptive management thresholds and responses based on the GRSG habitat objectives table, Land Health Standards (43 CFR 4180.2), and ecological site potential, the BLM will be able to make adjustments to livestock grazing when necessary to respond to rangeland conditions that have already been analyzed under NEPA. This approach provides the FWS with the certainty that the BLM will take prompt action when any range-use, including wild horse and burro management, is not meeting, or moving toward meeting, a GRSG habitat objective or land health standard.

In exercising its authority to modify terms and conditions of a permit or lease following completion of the NEPA analysis, the BLM will engage in close consultation, cooperation, and coordination with the affected lessees or permittees, the State agency managing lands or responsible for managing resources within the area, and the interested public. Also, please note that all applicable procedures that are required pursuant to the grazing regulations will be followed, including the right to protest and appeal.

For the reasons above, the BLM respectfully declines to adopt your recommendation to make the management actions for both the Livestock Grazing and Wild Horses and Burros sections consistent with state and local plans because it is not be consistent with the purposes, policies, and programs of federal laws and regulations applicable to public lands, in particular BLM’s Sage-Grouse Strategy, its Special Status Species Policy, and its goal to provide regulatory certainty for the conservation of the Greater Sage-Grouse and its habitat so as to potentially reduce the need to list the species.

Issue: Mitigation for Anthropogenic Disturbance

Governor’s Recommendation: The rigor of the CCS should be set as the bar that other allowed mitigation systems must meet to ensure that they are equitable, comparable and consistently provide net conservation gain for GRSG. The LUPA/FEIS should also recognize and honor pre-existing, signed sage-grouse agreements such as the Barrick Bank Enabling Agreement.

The LUPA/FEIS does not require mitigation in OHMA and, as such, is not consistent with the State Plan and the best available science (Coates et al 2014). Mitigation in OHMA provides conservation on an additional 7,620,000 acres that are spatially important to sage-grouse as they maintain connectivity throughout the range in the sub-region.

BLM Response: The BLM is committed to working with the SETT in the application of the CCS, as identified in the Proposed LUPA/FEIS. Under our Mitigation section in Chapter 2, our first management action states: “In Nevada, coordinate with the SETT on the application of a compensatory mitigation program, such as the Nevada Conservation Credit System (**Appendix L**) for mitigating activities that result in habitat loss and degradation of GRSG habitat in Nevada, where the application of compensatory mitigation would occur on or the credit would be applied to disturbance on BLM-administered lands.”

Further, a management action under the Special Status Species section of Chapter 2 states: “In Nevada only, the BLM would consult with the Sagebrush Ecosystem Technical Team (SETT) for application of the “avoid, minimize, and compensatory mitigation” strategy and the Conservation Credit System developed by the Nevada Natural Heritage Program and the SETT (2014a, 2014b) or other applicable mitigation system such as outlined in Appendix I. This would be to ensure that a net conservation gain of GRSG habitat occurs when mitigation is required to address human disturbances in PHMAs and GHMAs (see Appendix L) on all agency-authorized activities. The specifics of the coordination will be identified in a MOU between the agencies.” The BLM looks forward to utilizing the innovative approach developed by Nevada during the implementation of the plan.

Chapter 2 and Appendix I of the Proposed LUPA/FEIS contain an overview of the Regional Mitigation Strategy that will be developed within the next year for each of the three WAFWA zones in the Nevada and Northeastern California GRSG planning area. The mitigation practices will follow the Departmental manual and guidance contained in S.O. 3330, regulations from the White House Council on Environmental Quality (CEQ) (40 CFR 1508.20; e.g. avoid, minimize, and compensate), as well as BLM Mitigation Policy (such as the Draft Regional Mitigation Manual MS-1794), which will serve as a framework for developing and implementing the Regional Mitigation Strategy. This mitigation strategy will include “additionality” (i.e., the conservation benefits of compensatory mitigation are demonstrably new and would not have resulted without the compensatory mitigation project), “durability” (i.e., the maintenance of the effectiveness of a mitigation site and project for the duration of the associated impacts, which includes resource, administrative/legal, and financial considerations), and other concepts essential to effective mitigation. As specified in the Regional Mitigation Strategy (Appendix I), a WAFWA Management Zone Greater Sage-Grouse Conservation Team will develop a WAFWA Management Zone Regional Mitigation Strategy to guide the application of the mitigation hierarchy for BLM/USFS management actions and third party actions that result in habitat loss and degradation. This team will include the State and the strategy will identify rigorous mitigation criteria, considering any State-level Greater Sage-Grouse mitigation guidance that is consistent with the requirements identified in this Appendix.

The BLM will ensure that any mitigation that is applied is rigorous and will accomplish a net conservation gain to GRSG and its habitat. Other types of mitigation, such as the Barrick Bank Enabling Agreement, are also allowed and consistent with the net conservation gain to GRSG and its habitat. The BLM will include a reference to the Barrick Bank Enabling Agreement in the ARMPA, as an example of an approach to achieving the net conservation gain standard.

Although application of the CCS mitigation and a net conservation gain standard was not a requirement in OHMA in the LUPA/FEIS, the BLM has the discretion to apply mitigation through the implementation (site specific) NEPA analysis process. During the implementation NEPA analysis for any new anthropogenic disturbances in OHMAs, any impacts to GRSG and its habitat will be analyzed, as required under BLM’s regulations and policies.

For the reasons outlined above the PRMP is not inconsistent with the State plan and the BLM therefore respectfully declines to adopt this recommendation. However, the BLM will make clarifications addressed above in the ROD.

Issue: Map Updating Process

Governor’s Recommendation: The BLM should use the process that was outlined in Appendix) of the Preliminary Proposed FEIS (CA Version) for future map updates. This process provides for the same framework and methods as were used to develop the maps in the LUPA/FEIS and specifically indicates that updates to the maps using these methods will be incorporated through plan maintenance not plan

amendment. At the very minimum, if adopting the above process is not possible, the LUPA/FEIS should adopt the final version of the State of Nevada Management Categories map due mid-august from USGS in the signing of the ROD to ensure that the plan has the most current science and data.

BLM Response: As new information becomes available about GRSG habitat, the BLM, in coordination with the state wildlife agency and FWS, and based on best available scientific information, may revise the GRSG habitat management area maps and associated management decisions through plan maintenance or plan amendment, as appropriate and depending on the level of change. The BLM is committed to taking any changes in habitat maps into consideration when it makes future decisions in the planning area (e.g. where criteria for NSO exceptions may be met, determining appropriate RDFs/BMPs).

However, in order to change the allocations and other management decisions associated with the current habitat maps, the BLM must make a determination, under BLM planning regulations and implementing guidance, as to what procedure is required to implement that change. The BLM cannot make that judgment until it is presented with the facts of a particular mapping change and it cannot modify its regulations governing that determination as part of this planning process.

Moreover, in light of the BLM's Sage-Grouse Strategy, its Special Status Species Policy, and its goal to provide regulatory certainty for the conservation of the Greater Sage-Grouse and its habitat so as to potentially reduce the need to list the species, the BLM finds it is essential to provide the certainty that management actions will occur in the identified habitat management areas for the Greater Sage-Grouse. The BLM therefore respectfully declines to adopt this recommendation.

Issue: Comprehensive Travel and Transportation Management

Governor's Recommendation: Provide clarification on the comprehensive travel and transportation management section that clearly outlines the intent of this section. Also include a statement that any roads that currently exist will be assumed to have underlying valid existing rights. As a starting point, BLM should use each county's provided road inventory as roads that may have a right of way under RS 2477 and cannot have restrictions imposed on them.

BLM Response: While the recommendation does not identify an inconsistency with State or local resource related plans, policies, or programs, the ARMPA will clarify how this section will be implemented and clearly state that the future implementation travel management plans will be subject to valid existing rights. The BLM will not make any reference to RS 2477, however, as the planning decision in the GRSG plan is simply to assign an allocation decision to PHMA and GHMA of "limited to existing roads and trails." Until the implementation travel management plans are completed, the only restriction imposed by the LUPA/FEIS is to no longer allow cross-county motorized travel. All motorized travel will be limited to existing routes when the ROD is signed, and that decision, during this planning phase, does not involve RS 2477 assertions.

Please note that you have the opportunity to appeal this response to the Director of the BLM pursuant to 43 CFR 1610.3-2(e). Such an appeal must be filed within 30 days of your receipt of this letter, by September 8, 2015. Please submit appeals to:

BLM Washington Office
Attention: Director of the BLM
1849 C Street NW, Rm. 5665
Washington DC 20240

Thank you for your thorough, comprehensive and thoughtful consistency review. I also appreciate the hard work your staff and the various state agencies and local governments have contributed to the consistency review and BLM's Sage-grouse Planning Strategy. I look forward to my and BLM Nevada's continuing relationship and partnership with you and your State agencies as we work towards our mutual goal of Greater Sage-Grouse conservation in Nevada.

If you or your staff has any questions, please contact Lauren Mermejo at (775) 861-6580.

Sincerely,



A handwritten signature in blue ink, appearing to read "John F. Ruhs".

John F. Ruhs
Acting State Director

ONE HUNDRED ONE NORTH CARSON STREET
CARSON CITY, NEVADA 89701
OFFICE: (775) 684-5670
FAX NO.: (775) 684-5683



555 EAST WASHINGTON AVENUE, SUITE 5100
LAS VEGAS, NEVADA 89101
OFFICE: (702) 486-2500
FAX NO.: (702) 486-2505

Office of the Governor

July 29, 2015

John Ruhs, Acting State Director
BLM Nevada State Office
1340 Financial Blvd
Reno, NV 89502

RE: Governor's Consistency Review of the Nevada and Northeastern California Greater Sage-Grouse Proposed Land Use Plan Amendment and Final Environmental Impact Statement

Dear Mr. Ruhs:

Pursuant to the rights afforded to me as Governor of the State of Nevada under the Federal Land Policy and Management Act 43 USC 1701 and 43 CFR 1610.3-2, please be advised of significant inconsistencies between the Nevada and Northeastern California Greater Sage-grouse Proposed Land Use Plan Amendment and Final Environmental Impact Statement (LUPA/FEIS), and Nevada's state and local plans, policies and programs. I also propose recommendations that will create a reasonable balance between the national interest and Nevada's interest, while still achieving a net conservation gain for the Greater Sage-grouse.

The LUPA/FEIS represents a significant departure from the process that was outlined in late 2011 by former Secretary of the Interior, Ken Salazar. The process was intended to be collaborative, inclusive and proactive; an unprecedented undertaking to bring federal agencies and states together to craft plans to adequately conserve the Greater Sage-grouse and preclude a listing under the Endangered Species Act. Western states and multiple agencies have participated in this effort in good faith. We have expended millions of dollars and thousands of hours to present a scientific, innovative and effective conservation plan.

The almost 2,000 page Draft Environmental Impact Statement was issued on November 22, 2013. Nevada identified hundreds of inconsistencies with state and local plans, and best available science at that time. The BLM and USFS then took approximately 18 months to revise the document and released the nearly 3,500 page LUPA/FEIS on May 28, 2015. The BLM and USFS made significant changes from draft to final, leaving the citizens of Nevada with only 30 days to review and protest the LUPA/FEIS.

Importantly, many of the identified inconsistencies were left unresolved and often ignored or dismissed without consideration. Especially troubling is that new concepts such as Sagebrush Focal Areas (SFAs) and other management actions with significant environmental and societal implications were introduced without adequate public notice or opportunity for comment in the LUPA/FEIS. Many significant methodologies were also changed with little scientific justification or explanation provided to the public.

It is also important to note that the LUPA/FEIS contains many new elements that disregard best science, Nevada’s state and local plans, and federal law. It is disappointing that this process has changed from a collaborative, proactive approach, to a now heavy-handed, federal approach that uses status quo approaches and relies primarily on information from federal officials in Washington D.C., rather than expertise from state conservation and wildlife agencies, and local input.

NEVADA’S DEMONSTRATED COMMITMENT TO CONSERVATION

Long-term Engagement

Nevada has focused on sage-grouse conservation for well over a decade. Under the leadership of previous Nevada Governors, a working partnership of state agencies including the Nevada Department of Wildlife, local area working groups, private citizens, industry and local governments have developed and implemented conservation strategies across the range since at least the year 2000.

Even with these accomplishments, we have done more. Nevada accepted Secretary Salazar’s invitation in good faith and took immediate action to revitalize our efforts, and develop and implement a program for Greater Sage-grouse conservation. In response, I issued Executive Order 2012-09, which established the Governor’s Greater Sage-grouse Advisory Committee, and later enacted the recommendations from that entity through Executive Order 2012-19. That Order established the Sagebrush Ecosystem Council (SEC) and a new, inter-agency and inter-disciplinary Sagebrush Ecosystem Technical Team (SETT) dedicated solely to the sagebrush ecosystem.

Legislative Initiatives

The SEC has carefully guided the development and adoption of the full Nevada 2014 Greater Sage-Grouse Conservation Plan (State Plan). The Sagebrush Ecosystem Program, including the SEC and the SETT, were codified in Nevada Statute with the passage of Assembly Bill 461 during the 2013 Legislative Session, making Nevada the first, and still the only, state to recognize a programmatic commitment to the conservation of Greater Sage-grouse in state law.

To further solidify Nevada’s commitment to the State Plan and Greater Sage-grouse conservation, I worked with the Nevada Legislature during the 2015 Legislative Session to pass a major budget initiative that included continued full funding for the SEC, the SETT, the full operation and adaptive management of our innovative Conservation Credit System (including funds for an independent audit of the system), continued contract services to ensure that habitat maps are utilizing the most current scientific

information, and \$2 million for implementation of conservation projects. The Nevada Legislature further showed its support for the State Plan by passing Senate Joint Resolution 5, which urged the BLM and USFS to adopt the State Plan as the preferred alternative in the FEIS.

State Plan Developed and Supported by Nevadans and Best Science

The SEC is comprised of voting members from the conservation and environmental communities, the Nevada Board of Wildlife Commissioners, local government, the mining, ranching, energy, and agriculture industries, tribal nations, and the general public. In addition, this Council has ex-officio representation from the U.S. Fish and Wildlife Service (USFWS), Bureau of Land Management (BLM), US Forest Service (USFS), Nevada Department of Wildlife, Nevada Department of Conservation and Natural Resources, and the Nevada Department of Agriculture.

In 2014, the SEC unanimously approved and adopted the State Plan per Nevada Revised Statute 232.162. The State Plan has subsequently been adopted by most Nevada counties, and has considerable support from industry, conservation groups, and the general public.

The process we utilized to develop the State Plan is exemplary. An overwhelming body of scientific, Nobel Prize-winning research¹ shows that management of common-pool resources, such as the sagebrush ecosystem, is *consistently more successful over time* when key policy design principles are followed. Nevada’s process follows these leading principles of common-pool resource management by creating appropriation rules that are developed locally and related to local conditions, allowing for flexibility when it is needed and justified, defining clear boundaries, providing arenas for conflict resolution and internal policymaking, arranging clear methods for monitoring and sanctioning nonconformance, and establishing conflict-resolution mechanisms that are rapid and low-cost, among other factors.

The State Plan is the only plan that aligns with these areas of best science. Moreover, section 202(c) of FLPMA requires that in developing land use plans, the Secretary of the Interior *shall* “use and observe the principles of multiple use and sustained yield...,” and, importantly, *shall* “use a systematic interdisciplinary approach to integrate physical, biological, economic, and other sciences.” The Nevada State Plan is the only plan that meets these and other high standards called for by FLPMA and BLM policy.

¹ For example, see: Ostrom, Elinor (1990). *Governing the Commons: The Evolution of Institutions for Collective Action*. Cambridge University Press.; Poteete, Janssen, and Elinor Ostrom (2010). *Working Together: Collective Action, the Commons, and Multiple Methods in Practice*. Princeton University Press.; National Academy of Science, (2013). *Using science to improve the BLM wild horse and burro program: A way forward*. National Academies Press.; Reed, M.S., et al. (2015). *Climate change and desertification: Anticipating, assessing & adapting to future change in drylands*. Impulse Report for 3rd United Nations Convention Combating Desertification Scientific Conference. Agropolis International.

State Plan Addresses All Threats

The State Plan focused on addressing the threats as identified in the Conservation Objective Team (COT) report. The COT report identifies the cycle of wildfire and invasive grasses as the primary threat to Sage-grouse in Nevada. As a result, Nevada has increased our wildland firefighting capabilities and created mobile statewide forces targeting sage-grouse as their primary resource concern. We also have boosted noxious weed, native plant, and seed programs in the state. This process was recently validated by federal action, and I applaud Secretary Jewell for her leadership and meaningful efforts related to wildland fire; I am hopeful that our collective efforts will result in significant conservation benefit for sage-grouse and the sagebrush ecosystem.

Although anthropogenic disturbances are not the primary threat in Nevada, the State Plan includes a rigorous process of “avoid, minimize and mitigate” to achieve a net conservation gain for the Greater Sage-grouse. A key component of our “avoid, minimize and mitigate” strategy was the development and adoption of the Nevada Conservation Credit System (CCS). The CCS is a rigorous, scientifically based mitigation program that achieves consistent net conservation gain and a single method for determining mitigation across the entire Sage-grouse Management Area, covering approximately 48,627,000 acres in Nevada. More importantly, the CCS strategically recognizes the importance of protecting and enhancing limiting sage-grouse habitat such as late brood rearing habitat. This is *critical* to conservation in Nevada due to our unique topography, ecology and threats. The SETT is currently implementing both credit development and credit obligation (debit) projects in important sage-grouse habitat areas to test and adaptively manage the CCS.

In summary, the State Plan is consistent with the purposes, policies, and programs of federal laws and regulations applicable to the public lands, is based on the best available data and science, addresses each of the threats identified in the COT report, was developed entirely in a public and transparent process, including significant, direct involvement from federal agencies, and is supported by a wide array of stakeholders across the State of Nevada. Therefore, our plan is more likely to succeed over the long term as compared to the federally-driven policies envisioned in the LUPA/FEIS; I recommend and request that the State Plan be fully implemented.

SUMMARY OF KEY INCONSISTENCIES

Nevada has demonstrated a clear commitment to the conservation of Greater Sage-grouse and the sagebrush ecosystem. Throughout the process, it was understood that the State’s Plan would likely comprise a majority of the preferred alternative, and thus we worked closely with BLM, USFS and USFWS staff to meet numerous deadlines and incorporate the policy decisions and methodologies requested in the COT report, USFWS’s Mitigation Framework, and national policy direction. We compromised, considered alternative approaches, incorporated feedback and tested policies based on reality and pragmatic experience. However, the LUPA/FEIS shows that national level policy replaced Nevada’s state and local planning efforts, thus minimizing the

collaborative nature of this process, and stressing relationships between state, local, and federal agencies. The result is a document that is insufficient and flawed; not based on the best available science, or state and local plans, and not well rooted in federal law.

Inconsistencies Poorly Identified and Inadequately Addressed

The Draft LUPA/FEIS process did not comply with the BLM’s requirements to be consistent with other federal, state, local, and tribal plans and policies (see 43 CFR 1610). Many Nevada agencies, counties and stakeholders worked with your staff to minimize inconsistencies with federal and state law as well as state and local plans throughout this EIS planning process for the LUPA/FEIS. Some inconsistencies have been addressed, but most have been dismissed.

Commenters specifically showed that BLM’s goals, objectives, and management actions are inconsistent with the State Plan, the Nevada Rangeland Monitoring Handbook (NCE 2006), Pershing County, Nevada Land Use Planning, specifically the Pershing County Natural Resources Land Use Plan, the Pershing County Master Plan, the 2011 Nye County Comprehensive Master Plan, the Elko County GRSG Plan, Lincoln County’s policy of “no net loss” of AUMs within the County, the Lincoln County Lands Acts, the Ely Resource Management Plan, Lander County’s GRSG strategy, the Eureka County Master Plan and other plans, policies, and controls.

Of concern, the LUPA/FEIS fails to demonstrate how these plans are or are not inconsistent, and largely dismisses any potential inconsistencies with a brief, general explanation:

The BLM and Forest Service are aware that there are specific state or local laws relevant to aspects of public land management that are discrete from, and independent of, federal law. However, BLM and Forest Service are bound by federal law. As a consequence, there may be inconsistencies that cannot be reconciled. The FLPMA requires that BLM’s land use plans be consistent with state and local plans “to the extent practical.” In a situation where state and local plans conflict with federal law, there will be an inconsistency that cannot be resolved. Thus, while state, county, and federal planning processes, under FLPMA, are required to be as integrated and consistent as practical, the federal agency planning process is not bound by or subject to county plans, planning processes, or planning stipulations.²

² United States Department of the Interior and United States Department of Agriculture (2015). *Nevada and Northeastern California Greater Sage-Grouse Proposed Land Use Plan Amendment and Final Environmental Impact Statement: Response to Comments on the Draft Land Use Plan Amendment/Environmental Impact Statement*. p C-24.

This vague and generic “response” to hundreds of identified inconsistencies is unacceptable, inconsistent with FLMPA, and could actually undermine legitimate efforts to preserve the species.

Recommendation: Reconsider the identified inconsistencies and either incorporate the State Plan, or provide legitimate responses for the inconsistencies. The State of Nevada is especially interested in specific responses regarding inconsistencies related to the issues detailed in this letter. Also, attached to this letter is correspondence and requests that I received from local jurisdictions, state agencies and other interested parties for your reconsideration and a more complete and legitimate response for the record. Please also identify, specifically, which federal laws are allegedly inconsistent with our state and local plans. Finally, please identify which federal laws preclude you from collaboration with state and local governments to resolve these inconsistencies, as opposed to simply dismissing them as the LUPA/FEIS does.

Sagebrush Focal Areas (SFA)

The creation of SFAs in the LUPA/FEIS is counterproductive and inconsistent with the State Plan and local jurisdiction plans. The concept was not properly considered through a public comment process or clearly part of the DEIS alternatives. And, it did not use data or Nevada-specific expertise relating to sage-grouse populations and habitats.

Importantly, the withdrawals and disturbance caps envisioned in the LUPA/FEIS reflect a significant misunderstanding of the true threats to, and opportunities for, sage-grouse in Nevada. Fire and invasive species have a much greater effect on sage-grouse than mineral development. To wit: over the past five years, mineral development has disturbed only 10,000 of the 57 million acres of federal land in Nevada. In comparison, wildfire has scorched approximately 1.5 million acres of federal land in the same timeframe.

Nonetheless, the State Plan provides rigorous avoidance measures and mandatory design features that will ensure that we make every effort to limit negative effects to sage-grouse.

The State Plan also takes into account indirect effects to sage-grouse, limiting habitat, ecological site descriptions, state-and transition-modeling, and resistance and resilience concepts that are scientifically *far superior* to the simplistic and outdated thinking surrounding exclusion areas. This notion is well supported in scientific literature and by experts in Nevada and abroad.

The primary issues with SFAs are:

- Methods provided for delineation of the SFAs are not scientifically defensible, or properly described. The criteria described for producing SFAs does not

- incorporate the assessment of breeding bird densities (Doherty et al. 2010) or resistance and resilience mapping statewide (Chambers et al. 2014).
- Utilizing arbitrary boundaries for prioritizing management actions (e.g. vegetation management, grazing permit renewals, firefighting resource prioritization) that may unintentionally undervalue the importance of other non-SFA landscapes in greater need of assistance.
- Recommendation for mineral withdrawal and elimination of most mineral exploration within the SFA.
- Potential additional grazing management restrictions.

Recommendation: SFA designations should be eliminated as a component of the LUPA/FEIS. If SFAs must remain, BLM/USFS should work with the expertise of Nevada's conservation and wildlife staff to identify the true "best of the best," and must limit any moratorium, segregation or withdrawal of locatable minerals to a scientifically based time period that allows for re-entry or a lifting of any such moratorium at such time as science shows that relevant sage-grouse populations are stable or increasing.

Anthropogenic Disturbance Cap

Nevada has engaged in numerous discussions with federal representatives regarding why a disturbance cap is not necessary, given the unique basin and range topography of Nevada and the safeguards built into the State Plan, and why a disturbance cap can be counter-productive to Greater Sage-grouse conservation. The disturbance cap fails to account for the quality of habitat and seasonal habitat types, which should be considered based on best available science and to ultimately achieve a net conservation gain for greater sage-grouse. The "one-size-fits-all" approach does not assure greater conservation for sage-grouse and does not allow for adaptive management in a dynamic biological system.

We appreciate the specific disturbance management protocol outlined in the LUPA/FEIS for Nevada. However, strong concerns remain regarding the three percent disturbance cap. Based on LUPA meetings that recently occurred with federal and state agency staff that involved test runs of the disturbance caps, a three percent cap at the level of biologically significant unit (BSU) may be a moot point as that level of disturbance will likely never occur. At the project level it appears to create serious perverse incentives to move away from co-location with other existing disturbances. Ideally, disturbances should be incentivized to co-locate in existing disturbed areas. However, based on the test case scenarios, the three percent cap at the project level will be hit routinely forcing project proponent to move to undisturbed areas in order to remain below the three percent cap at the project scale.

Recommendation: The disturbance cap concept should be removed from the preferred alternative. The State of Nevada spent considerable time, resources and funding to create the rigorous and scientifically based CCS. The CCS adequately accounts for the quality of habitat and the availability of seasonal habitat types both at the BSU level and the project level, and makes a disturbance cap unnecessary, even possibly counter-

productive to achieving net conservation gains. If a disturbance cap remains in the LUPA/FEIS, additional conditions should be inserted whereby the cap at the BSU level is a temporary backstop to give time for the CCS to prove its effectiveness. When the CCS is proven to be effective the disturbance cap would no longer be required. I also recommend that if a disturbance cap remains that the cap be calculated solely at the BSU level and not the project level.

Land Use Allocations that Create Exclusion Areas

The LUPA/FEIS includes allocations that ultimately create exclusion areas for certain land uses. This is inconsistent with state and local plans and does not address the primary habitat threats in Nevada as identified in the COT report. The specious assumption that exclusion areas provide conservation for sage-grouse is not justified by scientific literature or data, and, in fact in many cases has proven to be less than effective at creating uplift for the species or habitat. The extent of habitat disturbance due to anthropogenic actions, such as mineral and energy development, is minimal compared to habitat loss due to wildland fire and invasive species. Relying on one-size-fits-all actions without specific analysis of the benefit provided to the species is unproductive.

Recommendation: Land use allocations that specifically close areas regardless of mitigation should be removed, and the LUPA/FEIS should instead utilize the rigor of the State Plan’s “avoid and minimize” process. Those disturbances that cannot be avoided or completely minimized should then run through the rigor of the CCS which identifies and recognizes the highest quality habitat, as mapped and verified on the ground and provides for a system through mitigation ratios, habitat quality, distance criteria and many other factors to ensure the protection and conservation of the habitat. If large areas of land use closures remain in the LUPA/FEIS, there needs to be an exception allowing for some level of disturbance provided that a net conservation gain can be achieved.

Mineral Rights

In addition to the State of Nevada’s opposition to mineral withdrawals considered in SFAs, we have concerns around the concept of “valid existing rights” (VERs) currently in the LUPA/FEIS. The use of this term related to locatable minerals on lands other than those that may be segregated or withdrawn is confusing and creates uncertainty.

Recommendation: Work with the Nevada Division of Minerals and the SEP to clarify that sage-grouse measures will be implemented within existing surface management regulations, that questions of VERs in relation to locatable mineral rights are limited to potential withdrawal areas, and that, if implemented, the three percent anthropogenic disturbance cap does not apply to exploration and mining disturbance authorized under surface management regulations.

Habitat Objectives and Associated Management Actions

The Habitat Objectives in Tables 2-2, 2-5, and 2-6 and their associated management actions are inconsistent with existing Resource Management Plans, as well as state and local plans. The level of specificity provided in the proposed LUPA management actions as they relate to the table are better handled at the local planning level through Stewardship Plans, Allotment Management Plans, Rehabilitation Plans, and other similar plans. Actions in the proposed plan that require management to “meet, restore, reestablish, and achieve” the narrowly focused habitat objectives, such as desired sagebrush height and cover amount, may very well be beyond the ecological potential of a particular site. Understanding the ecology of these systems is critical to the appropriate management of Nevada’s rangelands, and extends to the conservation of sage-grouse. These planning efforts must be cooperative with the landowner and interested parties need time to comment.

Recommendation: The BLM and USFS should incorporate the introductory language (text of Section 4.0) and the desired habitat conditions (Table 4-1) from the State Plan for consistency of application.

The FEIS implements unduly restrictive livestock grazing actions that do not include all available tools for proper range management to address site-specific concerns. At the same time, the proposed actions for wild horse and burro populations do not achieve proper grazing. State and local plans support proper grazing management practices, applicable to all large ungulates, which incorporate a high level of flexibility through adaptive management to achieve the overall management and resource objectives as defined by the permittee and the land manager through an allotment management planning process. The LUPA/FEIS should, like state and local plans per federal policy guidelines, empower local management with stakeholder input and collaboration to work toward the desired habitat conditions and overall ecosystem health to achieve a net conservation gain for sage-grouse, and adhere to all existing state and federal laws in its management actions.

Recommendation: The LUPA/FEIS should make the management actions for both the Livestock Grazing and Wild Horses and Burros sections consistent with state and local plans, and should ensure that the management actions are implemented according to federal law.

Mitigation for Anthropogenic Disturbances

As mentioned earlier, Nevada committed significant time, staffing, and funding to the creation of a mitigation system, the CCS, that provides a consistent, transparent and scientifically based methodology for mitigation. The preferred alternative allows for the development and use of other applicable mitigation systems in addition to the CCS, but fails to provide detail on the level of rigor and net conservation gain of these other systems, nor are there assurances that these programs incorporate the best available science. The CCS is a rigorous, scientifically based mitigation program that includes

measures for habitat suitability and availability at multiple scales to ensure net conservation gain for the greater sage-grouse. In addition, the CCS is a system that is transparent and consistently applied to credit and debit projects in each mitigation situation across jurisdictional boundaries. I understand the need to account for existing signed agreements (*i.e.* the Barrick Bank Enabling Agreement), as well as the need for flexibility in the unlikely event that the CCS is not able to fulfill mitigation requirements. However, the allowance of multiple mitigation systems, without specific detail requiring that alternative mitigation systems achieve, at a minimum, the same level of conservation gain, does not provide consistency or certainty for the Department of Interior, private industry, non-governmental conservation organizations, local governments, or the state. This in turn diminishes our ability to achieve and account for landscape level conservation gain.

Recommendation: The rigor of the CCS should be set as the bar that other allowed mitigation systems must meet to ensure that they are equitable, comparable and consistently provide net conservation gain for greater sage-grouse. The LUPA/FEIS should also recognize and honor pre-existing, signed sage-grouse agreements such as the Barrick Bank Enabling Agreement.

The LUPA/FEIS does not require mitigation in OHMA and, as such, is not consistent with the State Plan and the best available science (Coates et al 2014). Mitigation in OHMA provides conservation on an additional 7,620,000 acres that are spatially important to sage-grouse as they maintain connectivity throughout the range in the sub-region.

Recommendation: The LUPA/FEIS should adopt mitigation requirements in the OHMAs for both direct impacts on OHMAs and indirect impacts in PHMA and GHMA created by anthropogenic disturbances occurring in OHMAs. This adoption will help to ensure net conservation gain throughout Nevada and provide consistency across the range.

Map Updating Process

The State of Nevada Management Categories maps were created by USGS to be used in conjunction with the State Plan to determine management areas at the landscape scale that are then paired with on the ground, site specific data to determine mitigation requirements and assist with project prioritization. It is not a habitat map; it is a management category map and should be classified and used as such. The addition of land use allocations, and noise and travel restrictions, based solely on map designations and not on-the-ground data could have implications in areas where they are or are not necessary. This map is intended to be updated every three to five years based on emerging science and state collected lek and telemetry data. Ecosystems and human communities change through time in numerous ways that are directly related to sage-grouse and multiple-use land management. Recognizing these changes and refocusing on current and emerging priorities as science and resource inventories improve is part of essential adaption in land management. The LUPA/FEIS needs to be

able to adopt the map updates to incorporate best available science and to be consistent with state and local plans.

Recommendation: The LUPA/FEIS should include a method for using site-specific data when applying SSS1-SSS4, which contains noise restrictions and travel restrictions, particularly in GHMA. The BLM/USFS should use the process that was outlined in Appendix O of the Preliminary Proposed FEIS (CA Version) for future map updates. This process provides for the same framework and methods as were used to develop the maps in the LUPA/FEIS and specifically indicates that updates to the maps using these methods will be incorporated through plan maintenance not plan amendment. At the very minimum, if adopting the above process is not possible, the LUPA/FEIS should adopt the final version of the State of Nevada Management Categories map due mid-August from USGS in the signing of the ROD to ensure that the plan has the most current science and data.

Comprehensive Travel and Transportation Management

The LUPA/FEIS is unclear in the comprehensive travel and transportation management section and requires clarification in how it will be implemented, and also fails to outline procedures to address valid existing rights that have not been adjudicated in federal courts but nonetheless are valid existing rights (*i.e.* RS 2477 roads). Management of roads is under the jurisdiction of the state and local governments per NRS 405.191 (public roads include what are commonly referred to as R.S. 2477 rights-of-way) and NRS 405.201 (accessory roads are roads to which public use and enjoyment may be established). The proposed actions will restrict or eliminate access to roads which are founded upon existing and valid rights.

Recommendation: Provide clarification on the comprehensive travel and transportation management section that clearly outlines the intent of this section. Also include a statement that any roads that currently exist will be assumed to have underlying valid existing rights. As a starting point, BLM and USFS should use each county's provided road inventory as roads that may have a right of way under RS 2477 and cannot have restrictions imposed on them.

NEVADA STANDS READY

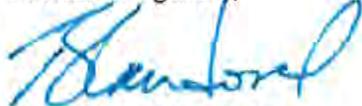
Thank you for your consideration of our comments, recommendations and concerns. I respectfully request your full consideration of these requests and recommendations. Despite our disappointment and frustration at this juncture, Nevada stands ready to discuss, consider, explain and forge a path forward with you and the Department of the Interior. I am hopeful that we can return to the collaborative relationship we once enjoyed during this process and that in doing so, we can agree on a final set of policies that will accomplish our mutual goal of conserving sage-grouse in Nevada.

Should you have any questions or wish to discuss this further, please do not hesitate to contact Tony Wasley, Director of the Nevada Department of Wildlife, Leo Drozdoff,

State of Nevada – Governor's Consistency Review
Nevada & Northeast California Greater Sage-grouse LUPA/FEIS

Director of the Nevada Department of Conservation and Natural Resources, Jim Barbee, Director of the Nevada Department of Agriculture, or Cory Hunt, a member of my staff.

Sincere regards,

A blue ink signature of the name "Brian Sandoval".

BRIAN SANDOVAL
Governor

Attachments:

- Sagebrush Ecosystem Program Letter
- Elko County Commission Letter
- Eureka County Commission Letter
- Lincoln County Commission Letter
- Nevada Association of Counties Letter
- Washoe County Commission Letter
- Nevada Division of Minerals Letter

Cc:

- The Honorable Secretary of Interior Sally Jewell
- The Honorable Secretary of Agriculture Tom Vilsack
- BLM Director Neil Kornze
- USFS Chief Tom Tidwell
- Nevada Congressional Delegation
- Nevada Sagebrush Ecosystem Program
- Western Governors Association



Nevada Association of Counties
304 South Minnesota Street
Carson City, NV 89703
(775) 883-7863

www.nvnaco.org

June 3, 2015

The Honorable Brian Sandoval
Governor, State of Nevada
101 N. Carson Street
Carson City, Nevada 89701

Re: Request for Governor's Consistency Review Regarding Inconsistencies between Greater Sage-Grouse Land Use Plan Amendment Administrative Draft Final EIS (ADFEIS) and County Plans, Policies, and Controls

Dear Governor Sandoval,

On behalf of Nevada's Counties, NACO would like to echo the requests you have received from some of Nevada's rural counties and urge you to undertake a consistency review of the Greater Sage-Grouse Land Use Plan Amendment (LUPA) Administrative Draft Final EIS (ADFEIS) and both state and local land use plans and policies.

A handful of Nevada's counties are cooperating agencies and spent many hours reviewing and commenting on the LUPA. We urge you to review those comments regarding areas where the proposed BLM/USFS actions are not consistent with county plans and policies. Our members believe that a number of inconsistencies still exist and we would urge you to use your authority to ask the federal agencies to address those inconsistencies.

We recognize, and thank you for, the leadership role that you have taken on the sage-grouse issue. We know that your staff has spent countless hours working with U.S. Fish and Wildlife representatives and NACO appreciates the work that has been done here in Nevada under your guidance. Like you, Nevada's counties understand the critical importance of ensuring that sage-grouse habitat is protected and that populations thrive. We urge you to please consider the comments of Nevada's counties and use your authority under your 60-day consistency review to elevate and address the outstanding inconsistencies between the draft LUPA and county plans and policies.

Please don't hesitate to contact us if there is additional information we can provide on behalf of our members, or if there are ways that we can further coordinate with you on this issue.

Thank you,

Jeff Fontaine
Executive Director, Nevada Association of Counties

The following links and pages are support for agenda Item 15

<http://www.rgj.com/story/opinion/voices/2015/08/18/op-ed-amodei-gets-wrong-basin-range/31920881/>

<http://www.reviewjournal.com/news/water-environment/heller-obama-creation-nevada-monument-disgrace>

<http://nevadanewsandviews.com/monument-designation-simply-a-bureaucratic-ruse-to-block-yucca/>

<http://www.nevadaappeal.com/news/opinion/17603641-113/guy-w-farmer-a-new-national-monument-for>

<http://www.rgj.com/story/opinion/voices/2015/07/30/op-ed-monument-designation-ignored-public-input/30869089/>

<http://www.rgj.com/story/opinion/voices/2015/07/21/op-ed-new-monument-reflects-republican-vision/30438615/>

Resolution

of the Nevada Association of Counties

RESOLUTION in Support of Adding the State of Nevada to the “Wyoming Exclusion” of the Antiquities Act

Whereas, the United States Congress enacted “The Antiquities Act of 1906”, and

Whereas, the intent of the Act was to preserve archaeological artifacts to further the knowledge of early human habitation of the country, and

Whereas, the Act also includes a provision that authorizes the president to declare historic landmarks, historic and prehistoric structures, and other objects of historic or scientific interest located on public lands as national monuments, and

Whereas, presidents have, at times, used this authority to establish monuments against the wishes of the states, local governing bodies and citizens of the states in which these monuments are created, and

Whereas, the designation of a national monument prohibits other uses of the land including mineral exploration and harvesting, ranching, agriculture and most types of recreational activities, and

Whereas, the multiple use of the public lands in Nevada are vital to the economies of most Nevada counties, and

Whereas, eighty-three percent of the land in Nevada is federally managed public lands and therefore subject to being declared monuments by the president with little or no public input or against the wishes of the people of Nevada, and

Whereas, in 1950 Congress amended the Act requiring Congressional consent for any future creation or enlargement of National Monuments in Wyoming, now

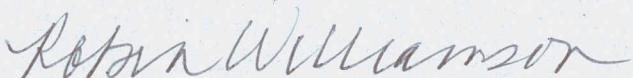
Therefore be it Resolved that the Nevada Association of Counties urges Congress to add Nevada to the "Wyoming Exclusion" of the Antiquities Act, and

Therefore be it Further Resolved that Congress not consent to the creation or expansion of any National Monuments in Nevada without the support of the Nevada Legislature and the governing bodies of the counties in which the monument is located, and

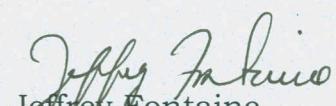
Therefore be it Further Resolved that a copy of this resolution be transmitted to Nevada's Congressional delegation, the Governor of Nevada, the Majority Leader of the Nevada Senate, the Speaker of the Nevada Assembly, the Minority Leaders of the Nevada Senate and Assembly, and the Chairman of the Nevada Legislative Committee on Public Lands.

Passed, Approved and Adopted this 18th day of November, 2010 by the Board of Directors of the Nevada Association of Counties.

Attest:



Robin Williamson
President



Jeffrey Fontaine
Executive Director

NACo Resolution 10-04

