

**MINUTES OF THE SUBCOMMITTEE OF THE
SENATE COMMITTEE ON ENERGY, INFRASTRUCTURE AND
TRANSPORTATION**

**Seventy-fifth Session
February 16, 2009**

The subcommittee of the Senate Committee on Energy, Infrastructure and Transportation was called to order by Chair Michael A. Schneider at 9:04 a.m. on Monday, February 16, 2009, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

SUBCOMMITTEE MEMBERS PRESENT:

Senator Michael A. Schneider, Chair
Senator Shirley A. Breeden
Senator Randolph Townsend

STAFF MEMBERS PRESENT:

Matt Nichols, Committee Counsel
Scott Young, Committee Policy Analyst
Josh Martinmaas, Committee Secretary

OTHERS PRESENT:

Leo Drozdoff, P.E., Administrator, Division of Environmental Protection, State Department of Conservation and Natural Resources
Colleen Cripps, Ph.D., Deputy Administrator, Air and Waste Programs, Division of Environmental Protection, State Department of Conservation and Natural Resource
Joe Johnson, Toiyabe Chapter, Sierra Club
Kyle Davis, Political Director, Nevada Conservation League
Dennis Ransel, Clark County Department of Air Quality and Environmental Management
Keith Wells, Administrator, State Motor Pool, Department of Administration

Subcommittee of the Senate Committee on Energy, Infrastructure and Transportation

February 16, 2009

Page 2

SENATOR TOWNSEND:

At the request of Chair Schneider, I call the meeting to order. We will be dealing with alternative fuels today. During our last meeting, we found out there is a great deal of effort, particularly in Clark County, in attaining mandated levels of air quality. Members of the Committee found it strange these same standards did not effectively address energy-efficient issues. We are going to figure out how to meld these two issues. We want to find the incentives to help our government agencies.

LEO DROZDOFF, P.E. (Administrator, Division of Environmental Protection, State Department of Conservation and Natural Resources):

Based on discussions at the last hearing, we put together this draft ([Exhibit C](#)) of what revisions to the statutes in the alternative-fuels program might look like. We tried to recognize that when the program was first set up, it was environmental in nature, but over the years issues of efficiency have become important. Previously, we talked about maybe making the statutes less specific as a way to proceed. This would be replaced by a regulatory process so we could move quickly to identify any changes that come during the intervening years. There is a good consensus on most of the draft, but one area where we are not in agreement is the issue of defining fleets. Everyone recognizes the issue of fleets and smaller fleets is difficult for this program because it creates outliers. Any environmental benefits are masked by such problems as infrastructure. Not everyone agrees with the proposed definition.

CHAIR SCHNEIDER:

By fleet, are you taking it from 10 to 50? Can you not decide what designates a fleet?

MR. DROZDOFF:

There is not much disagreement there, but that is not key. The key is when we tried to define fleet. We tried to define fleet a number of ways, whether they are under the same roof or in a contiguous area. In talking to Dan Hyde, Fleet and Transportation Services Manager for the City of Las Vegas, it was determined that approach was not going to work. We have a definition void in the draft before you.

Subcommittee of the Senate Committee on Energy, Infrastructure and Transportation
February 16, 2009
Page 3

SENATOR TOWNSEND:

When you change the definition of fleet by number to 50, who gets swept in? My colleagues from Clark County need to know as much information about who gets swept into these things and what impact it has because it may or may not affect northern Nevada.

COLLEEN CRIPPS, PH.D. (Deputy Administrator, Air and Waste Programs, Division of Environmental Protection, State Department of Conservation and Natural Resources):

We have put together a list of all the fleets containing ten or more vehicles currently regulated ([Exhibit D](#), original is on file in the Research Library). When you increase the fleet size to 50, it eliminates about 50 percent of the fleets. This list was provided last week. Making the fleet size 50 would allow us to still regulate about 90 percent of the vehicles currently under the program, but the number of fleets would decrease significantly. The problem with the fleet definition is not the number, it is how you define a fleet. Right now, it just says, "vehicles that are owned, leased or operated by the State or a local governing body." It is so vague it will be difficult to implement the program. In some instances, we will regulate at a department level and in others at a division level. In some instances, we end up regulating some by facility. Then, the local governments have a different structure. We are trying to build clarity.

SENATOR TOWNSEND:

In the "2008 Clark County Alternative Fuel Vehicle Fleet List," [Exhibit D](#), if you just move the number to 50, the cutoff would be between the City of Las Vegas Housing Authority, which would be included, and the Department of Corrections' Clark County fleet would be excluded, correct?

DR. CRIPPS:

That is correct.

SENATOR TOWNSEND:

The number change still leaves 90 percent of the vehicles under your purview. Does this help your management since you still get the vast majority of the vehicles without going down to the current level?

Subcommittee of the Senate Committee on Energy, Infrastructure and Transportation

February 16, 2009

Page 4

DR. CRIPPS:

We get the vast majority of the vehicles, but we also get the fleets with fleet managers and their own fueling infrastructure. We avoid a lot of weird anomalies with that number.

JOE JOHNSON (Toiyabe Chapter, Sierra Club):

The questions I have are in two areas. One was the definition of a fleet; whether you talk about it at the agency level or the department level. By increasing the number from 10 to 50, we are still dependent upon what the regulatory definition of fleet will be. Significant numbers of fleets could be either included or excluded by what regulatory definition is established. I am not necessarily opposed to increasing the number to 50, but I am concerned if it is an appropriate balance. The original purpose of these regulations was for agencies to drive and support fueling stations that would be available to the public.

With the stimulus package, there is approximately \$600 million designated towards hybrid vehicles for both research and state purchase. Will we be reducing the requirements at a time when the options are increasing? There are increasing numbers of hybrid vehicle models coming out, along with significant research and effort to direct these. Are we addressing a potential germane issue about the effort we want from the state and local governments to encourage alternative fueling stations and alternative programs?

SENATOR TOWNSEND:

This is a terrific effort to make sure the majority of these entities are continuing to meet certain standards. Are they to be hamstrung by the smaller and lack-of-definition groups? I see the effort they have put together a positive one. Some of the misunderstanding comes from the stimulus package. I have alerted our staff, the Governor's Office and my colleagues this stimulus package is a one-time deal. To build something into our State's base that might end at a certain time could be even more detrimental. We want to do the best we can by using incentives to enhance and include programs, but I do not want to leave us without funding in the future. Those of us who will only be here another session or two understand how budget holes get created. These might need to be fixed at a time when we are struggling. When U.S. Senator Harry Reid and his staff are here on Wednesday, we will get more details on the energy portion of the bill. I do not want us to think the stimulus package will save us and help in all

these areas. It will be positive, but we cannot build Nevada agencies' budgets on it.

The representatives here today from the various Nevada agencies are trying to figure out how to manage this with or without the stimulus package. I do not think their effort is to let people off the hook. It is about managing what we have and finding the incentives to increase alternative-fuel vehicles for the government and private sector. The Chair is adamant about moving forward and making this a more inclusive effort based on incentives. We do not have a lot to incent at the moment, but it is worth the effort.

CHAIR SCHNEIDER:

The emphasis with the stimulus package is putting people to work.

MR. JOHNSON:

My concern is not simply the stimulus package. There are new types of vehicles available. Look at the diesel technology from Europe now widespread here; the options will be vastly different than they were two years ago. I mention the stimulus package to point out there is money for both research, which is long-term jobs, and the stimulus of purchasing vehicles.

KYLE DAVIS (Political Director, Nevada Conservation League):

Mr. Drozdoff and I started working on this during the Nevada Climate Change Advisory Committee last interim. With the current statute, most of the alternative-fuel vehicles are run on reformulated gasoline, which is better than regular gasoline, but it is still gasoline. The goal is making it more responsive to technology. There will be a variety of different ways now and in the future to get cleaner-burning or non-burning vehicles. Our legislative intent is to provide for cleaner-burning and alternative-fuel vehicles in fleets, by allowing the experts at the Division of Environmental Protection (DEP), State Department of Conservation and Natural Resources, and fleet managers to have some flexibility. In terms of specifics, it is good to add in clean vehicles so it is clear we are talking about things like hybrids rather than just fuel. We should also look at the 10 versus 50 question to make sure we are doing the right thing. We want to give more flexibility so we are continually adopting new technology and continually purchasing cleaner and better vehicles for the environment and fuel economy.

Subcommittee of the Senate Committee on Energy, Infrastructure and Transportation

February 16, 2009

Page 6

CHAIR SCHNEIDER:

Are you okay with the revisions of this bill?

MR. DAVIS:

In general, this is good.

DENNIS RANSEL (Clark County Department of Air Quality and Environmental Management):

We have had ample time to work with DEP and the draft, [Exhibit C](#). They have also briefed our Clean Cities group and other groups here. We are comfortable with the present draft. I understand some of the issues, but the way it is structured now, it does give opportunity to, if necessary, clarify fuels, technologies, fleets, etc. through the *Nevada Administrative Code* process. We have worked through past issues and are satisfied with the draft as it stands.

CHAIR SCHNEIDER:

I was at the University of Nevada, Las Vegas (UNLV) basketball game last weekend, and I noticed the UNLV police force has pickup trucks that look like they could knock down block walls. I could not help but wonder why they needed trucks. It seems hybrids would be a better choice. Maybe they were flex-fuel vehicles, but I doubt it.

MR. DROZDOFF:

We still need to do some work on fleets, talking more about a cutoff number as well as defining government entity. Other than that, we are in good shape. Our thinking with the regulations is whatever we develop, it would have to be reviewed by the Legislative Counsel Bureau so there is still legislative oversight of that work. Our goal is to keep working with our group to come up with something and provide you a second update.

SENATOR TOWNSEND:

It is important to not use energy and transportation independently in a conversation. They tie directly to one another. The best kilowatt for this country is the one you do not have to produce. The same goes for fossil fuels. The best gallon of any kind of fuel is the one you do not use. Using that philosophy, do the fleet managers give indications that they know, through logistical analysis, whether they are saving fuel, cutting down on mileage, using alternative-fuel vehicles more or cutting down on vehicles not part of their alternative-fuel fleet?

Subcommittee of the Senate Committee on Energy, Infrastructure and Transportation

February 16, 2009

Page 7

Do you have any sense of that, and what information is available? It is one thing to pass a bill, but another to have measurements to move forward with so the next group of county commissioners, city council members and staff can recognize advancements and the adjustments needed.

MR. DROZDOFF:

Trying to establish a baseline is a good point. The short answer is no, we do not have good information. As part of that regulatory process we are developing, measurements and reporting can be part of it.

SENATOR TOWNSEND:

I am not sure you are the organization for this, but since you are already analyzing these fleets, gathering information about their fuel usage and whether they are getting better mileage and managing their mileage, this could be an important set of statistics for the coming years. It is difficult to encourage people to reduce consumption, because it is cultural to us in the West. We all grew up getting in a car and driving somewhere. The Chair has articulated light-rail systems and that is important. Houston, San Diego, Seattle and Portland now have light-rail systems. They are becoming culturally accepted for urban use, but you cannot create them overnight so people are still using cars. That takes me to my next point. We should talk about the private-sector fleets in Clark County to find out ways to get them to where we want them.

DR. CRIPPS:

We have been talking about the regulations so we could answer questions about how this program would look if we make these changes to the statute. Reporting is a big part of that. I also want to mention with all the work being done, particularly by the local governments and some of the work we are doing on climate change, there will be reporting on fuel use, efficiency and those kinds of things. That data will become more available.

CHAIR SCHNEIDER:

You mentioned the Governor was looking into some of this. Do you know if he has input a bill?

MR. JOHNSON:

The Governor's energy advisor, Dr. Hatice Gecol, reported to the transmission study group that part of his omnibus bill was to request or require there be a

posting of the fuel efficiency or greenhouse gas contribution of the vehicle. It would be informational, but I do not think there was any requirement on fleets.

SENATOR TOWNSEND:

That bill is to have car dealers post information in each new car they sell. That is not as easy as it sounds. We looked to other states that have done that and they have asked the manufacturers to post it so when the vehicle arrives at the dealership, it is available to the consumer. If we are unable to do that, a sheet should be provided to every customer that lists every model and all the carbon dioxide emissions. The salesman could then say, "While you are looking at the various models, here are the average city and highway mileage and the carbon dioxide emissions." That is easier than putting a sticker in every window. It is important to get the information to the people the easiest way possible.

MR. JOHNSON:

I agree with Senator Townsend about the issue of efficiency. My concern is I see fleets that qualify under the existing regulatory and statutory body of purchased vehicles, but are probably not suitable in both efficiency and function. They are simply meeting the requirement of a large diesel truck, for instance, or a pickup transporting one university policeman around. The question is if we should put the reporting requirement for fleets in the statute, or address it in the regulatory process.

KEITH WELLS (Administrator, State Motor Pool, Department of Administration):

Most of the fleets do manage the fuel purchased every year, but it is not graphed to show how much we are saving per vehicle per year. As long as vehicles are managed by a fleet manager, the most economical vehicles are being purchased. A lot of components go into buying a vehicle. You have to look at the needs of the customers, what the vehicles are going to do, fuel efficiency, longevity and warranty. Fuel efficiency is high on the list but not the only factor. The State currently has many agencies with vehicles assigned to them with no oversight. There will be 30 vehicles assigned to agency A, 10 to agency B and 12 to agency C, scattered around the State with no fleet manager overseeing acquisition, management, disposal or any of the components a fleet manager does. When these vehicle are purchased, they are generally purchased because someone has a preference, such as liking Fords over Dodges, or thinking the division would like a sport utility vehicle (SUV). For the best interest of the State, a fleet manager should oversee all the vehicles for fuel economy.

There are a lot of components to energy, not just the vehicle, but how the vehicle is used. The utilization of State vehicles has to be looked at. If a vehicle is managed by a fleet, the utilization is monitored. If a vehicle is owned by an agency outright, probably no one is overseeing that utilization. The vehicles could likely be driven periodically. My concern is if that is the best resource for that State agency to have. It is an asset of the State, it is expensive, and if you factor in agency over agency, there is the possibility a lot of vehicles are sitting around not being utilized properly. Wrangling in all those vehicles under some type of fleet, not necessarily my fleet, would control the acquisition of the proper vehicle for the proper use. When you mentioned the UNLV police force, why did UNLV choose pickups? It could be the best vehicle for their role, but not for what you saw them being used for at that moment. Fuel economy is definitely a factor if it is in a fleet, but I am concerned about the ones not in a fleet. The culture of our drivers also needs to be changed. Agencies need to strategize their trips; they do not need to drive across the street to drop off the mail. They need to think about what they are doing just like we do as a person. Fleet oversight is needed to ensure the best vehicle, with the best fuel economy, is purchased for the State, city or county.

SENATOR TOWNSEND:

If we were to invent this today, just for the State, how many fleets would there be with somebody in charge of needs, wants, costs and other fleet analysis?

MR. WELLS:

There are approximately 6,000 vehicles registered to the State. The State Motor Pool manages 860, the Nevada Department of Transportation has about 3,000, the Nevada Highway Patrol (NHP) has about 600, the Department of Corrections has about 300 and the Division of Forestry has about 300. There are a lot of loosely assigned vehicles running around.

SENATOR TOWNSEND:

How would you organize the management of these 6,000 vehicles?

MR. WELLS:

I would get all the current fleet managers, agency directors and the Budget Division together to assemble a work group to determine who should be managing whom, disseminate all the vehicles among the existing fleets and maybe even create a fleet manager. The Department of Corrections is a large

agency with a unique fleet. They approached us once to take over the fleet. It is a complex fleet, and at the time was in bad condition. They have a person now who is somewhat of a fleet manager. We need people in the divisions who can do it and have continuity throughout the State for policy. Most states have an office of fleet management that sets policy for the state. There is already continuity in purchasing guidelines and disposal guidelines, but there is no continuity on utilization and acquisition of State vehicles. Those are two costly areas if not managed right. Utilization is a hot topic across the country. We do not want the State on the front page of any newspaper saying we have 500 vehicles underutilized; it would be bad publicity. Putting together a work group to ensure all vehicles fall under the group would be fairly easy.

CHAIR SCHNEIDER:

How many of the 6,000 vehicles fall under fleets?

MR. WELLS:

Probably about 4,000.

CHAIR SCHNEIDER:

Do you have an idea how many vehicles are using alternative fuel?

MR. WELLS:

The Nevada Department of Transportation will be using propane, probably reformulated gas (RFG), and they are probably using biodiesel as long as they are based in Clark or Washoe County. The Motor Pool uses compressed natural gas (CNG), some propane and RFG. We are one of the only fleets that uses ethanol, but ethanol is only available to us in Reno. It is available in Clark County from a few private-sector sites, but the sites come and go quickly; it is not a popular choice with the private sector. The NHP is a law enforcement fleet so they are exempt. The Division of Forestry is predominantly a fire department. Their fleet is a lot of structure engines and crew trucks so many of their vehicles are exempt or based in outlying areas. There is not a lot of alternative-fuel use; DEP could give you a better idea. The reason is there are not a lot of options. If a vehicle is sitting in Clark or Washoe County, there are resources, but they are limited. They can use CNG for specific vehicles but not all the vehicles. In Reno, the motor pool has its own CNG station, but the public has one station and it does not operate often.

Subcommittee of the Senate Committee on Energy, Infrastructure and Transportation

February 16, 2009

Page 11

CHAIR SCHNEIDER:

Law enforcement is exempt, so do they just buy whatever is necessary? Running those "Hemis" out on the highways is their idea for catching the bad guys instead of fuel efficiency. They also have four-wheel drive SUVs running up and down U.S. Highway 95. Maybe this time of year you need one, but they run them in summer. Do they need to do that? Is it cheaper to have two cars and be more energy efficient?

MR. WELLS:

The NHP has very few SUVs. I use them as an example in my fleet because any time we have a storm even approaching northern Nevada, we have a large request for SUVs. Most of the NHP's troopers drive rear-wheel drive cars with snow tires. They do have SUVs, and that is a valid vehicle for them as long as they keep the use under control. You could have a pool of vehicles that troopers could drive during the summer, but the cost to equip an NHP vehicle is high. The average police sedan costs \$50,000; the average sedan that they use would cost \$25,000. When the NHP outfits that with all their equipment, there is \$50,000 per vehicle.

To solve the problem of emissions from a fleet and state standpoint, and through Clean Cities which I would like to see do more, we need to educate the drivers of the vehicles. Educate them on the proper vehicles to buy, how to plan a trip, to not idle the vehicle if it is not needed, use hybrid vehicles, be smart about the State acquiring vehicles, make sure fleet managers have input on who is buying what vehicle and general education on public transportation. We do not really have public transportation here, so if you want to take a bus, you have minimal opportunities.

CHAIR SCHNEIDER:

I would like to see fleet better defined and some ideas on statewide fleet management. That is a lot of work but we may be able to get a bill draft request drawn up if it would benefit these ideas.

SENATOR TOWNSEND:

If we have 6,000 vehicles and we are only using 5,200 of them, we have a problem. There is a lot of opportunity to utilize the fleet managers better.

Subcommittee of the Senate Committee on Energy, Infrastructure and
Transportation
February 16, 2009
Page 12

CHAIR SCHNEIDER:

As there is no further business before the Subcommittee on the Senate
Committee on Energy, Infrastructure and Transportation, this meeting is
adjourned at 9:52 a.m.

RESPECTFULLY SUBMITTED:

Josh Martinmaas,
Committee Secretary

APPROVED BY:

Senator Michael A. Schneider, Chair

DATE: _____