

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

**Seventy-fifth Session
February 20, 2009**

The Senate Committee on Energy, Infrastructure and Transportation was called to order by Chair Michael A. Schneider at 8:13 a.m. on Friday, February 20, 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.

COMMITTEE MEMBERS PRESENT:

Senator Michael A. Schneider, Chair
Senator Maggie Carlton, Vice Chair
Senator John J. Lee
Senator Shirley A. Breeden
Senator Randolph Townsend
Senator Barbara K. Cegavske
Senator Dennis Nolan

GUEST LEGISLATORS PRESENT:

Senator Steven A. Horsford, Clark County Senatorial District No. 4

STAFF MEMBERS PRESENT:

Matt Nichols, Committee Counsel
Scott Young, Committee Policy Analyst
Lynn Hendricks, Committee Secretary

OTHERS PRESENT:

Danny Thompson, Nevada American Federation of Labor - Congress of Industrial Organizations
Steve Holloway, Associated General Contractors, Las Vegas Chapter
Monica Brett, Southwest Energy Efficiency Project
Joyce Haldeman, Clark County School District

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Bryn Lapenta, Washoe County School District
Paula Lee Hobson, Executive Director, Institutional Advancement, Truckee Meadows Community College
Tony Sanchez, NV Energy
Chris Brooks, Bombard Renewable Energy
Robert Tretiak, International Energy Conservation
Josh Griffin, Nevada System of Higher Education; Nevada Subcontractors Association
Alfredo Alonso, Ausra Solar, Incorporated
Charles Benjamin, Western Resource Advocates
Linda Abrams-Bowie
Les Lazareck, Home Energy Connection
Joe Johnson, Sierra Club, Toiyabe Chapter
Kyle Davis, Nevada Conservation League
Paul McKenzie, Building and Construction Trades Council of Northern Nevada
Hector Nazario
Hilary Lopez, Ph.D., Chief of Federal Programs, Housing Division, Department of Business and Industry
Craig Davis, Weatherization Programs Manager, Housing Division, Department of Business and Industry
Romaine Gilliland, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services

CHAIR SCHNEIDER:
I will open the hearing on Senate Bill (S.B.) 152.

SENATE BILL 152: Enacts the Green Jobs Initiative. (BDR 58-172)

SENATOR STEVEN A. HORSFORD (Clark County Senatorial District No. 4):
This bill is a broad measure intended to take full advantage of the American Recovery and Reinvestment Act (ARRA) of 2009. We have a unique opportunity to put Nevadans to work and to create a cleaner Nevada for all our children. Investing in a green-job economy is a two-for-one deal: we will create a more stable economy, and at the same time we will invest in making the planet cleaner and safer for a brighter future for all Nevadans. It is our moral responsibility to leave this State and our planet in better shape than we found it, and green jobs are an enormous step toward making that a reality. I have written testimony explaining the history and impact of S.B. 152 ([Exhibit C](#)) and

a PowerPoint presentation titled "Green Jobs Initiative" that accompanies it ([Exhibit D](#)).

I have a small amendment to the bill ([Exhibit E](#)). I look forward to working with the Committee. This is one small step in a series of renewable energy steps we will be discussing this Session.

SENATOR TOWNSEND:

There are a number of ideas in this bill that could perhaps use some elaboration. Section 9, subsection 1, refers to " ... the development of renewable energy plants." Could you explain what that means?

SENATOR HORSFORD:

This question has come up in discussions with industry individuals. That language refers to developing a trained workforce that can be used as we develop this new energy economy in Nevada. Training people in weatherization is the first rung of the ladder. As a stimulus measure, the ARRA is one-shot funding. Whether we can sustain the program at the level we envision, we recognize that the training workers receive today will need to be advanced through a series of steps ultimately leading to the development of renewable energy plants in Nevada. We realize we are providing the trained workforce to developers, but I do not envision that it would be the nonprofits' role to develop those plants. We will need to work on the language, and I am sure we can do that.

SENATOR TOWNSEND:

We need to clarify that to meet the goal. Subsection 2 of section 9 outlines the process to qualify as a nonprofit collaborative, and paragraph (a), subparagraph (1), refers to "a joint labor-management or other affiliated apprenticeship program." I am aware of a specific program of the International Brotherhood of Electrical Workers (IBEW), and I know there are a number of other joint labor-management programs. However, I do not know what you mean by "other affiliated apprenticeship programs." Who would that include?

SENATOR HORSFORD:

There are various types of apprenticeship programs. There are joint labor-management programs that are signatory and have a labor partnership. There are also affiliated apprenticeship programs that do not have a labor partnership. This language would allow either of these approaches to be used.

SENATOR TOWNSEND:

The language, then, is intended to apply to existing programs we are not aware of or those that may grow in the future. Section 9, subsection 2, subparagraph (3) refers to trade associations. Who does that refer to?

SENATOR HORSFORD:

Others will speak to this, but trade associations might include subcontractors and associated general contractors in a specific industry. New trade associations may emerge in the new economy we are creating. Solar industry representatives tell me trade associations are beginning to be formed around renewable energy. For example, if you had a solar-related training initiative, you might want to have a solar trade association representative.

If I could expand on the nonprofit concept, the rationale behind this is to include any nonprofit organization that meets the governance structure to qualify for the program. That allows them flexibility to raise money and leverage private funding to support job training, weatherization or other related activities, while avoiding the limitations that would be imposed on the State as far as grants and gifts and how funding can be allocated and commitments made.

SENATOR TOWNSEND:

I agree. I do not believe it is necessary to create something new, since many people are already doing this. On page 4 of the bill, line 30 refers to "the promotion of energy efficiency." This is crucial, but I am not sure I fully understand what it means. Are those individuals to be trained as experts in marketing or public relations? I do not know where you want to go with this.

SENATOR HORSFORD:

This section had two specific objectives. First, there are unemployed workers, particularly in construction, who could go to work immediately utilizing stimulus dollars if they had improved certification in renewable energy. I was not envisioning "promotion" from a public relations standpoint, but rather as outreach, public awareness and education. One of my desires is to ensure that as we create this new economy, we are allowing all segments of our constituencies to participate. We typically leave segments out, because they are not aware and we are not deliberate in our efforts to connect them to the opportunities. Second, there will be opportunities for the consumers to improve energy efficiency in their homes. There are homeowners, seniors and families who are struggling to figure out how to manage their expenses, one of the

biggest being the utility bill. They may not be aware of the technologies or opportunities available to them to help them meet those needs.

SENATOR TOWNSEND:

I agree. I want to make sure this does not become an open-ended thing where everyone who wants to become a consultant becomes part of this program, since I do not think that is your goal.

SENATOR HORSFORD:

Correct. We have enough commissions on promotion throughout the State, and I do not think we need one more.

SENATOR TOWNSEND:

One thing that could be helpful is to make sure our elementary school, middle school and high school programs can tie into this and make it a cultural change.

Section 9, subsection 3, paragraph (b), subparagraph (6) refers to "renewable energy plants." It is my understanding that you are saying this is not about creating another energy company, but rather about people getting training so they can be employed in the fields of renewable energy. Is that correct?

SENATOR HORSFORD:

Yes.

SENATOR TOWNSEND:

Section 9, subsection 5, refers to funding for tuition and supplies, and I am glad to see it here. Is this to apply to all three training entities referred to in subsection 2 of section 9?

SENATOR HORSFORD:

That is my understanding. Some joint labor-management programs have negotiated agreements for training allocations to support the training programs. That is also true of certain affiliated apprenticeship programs. The term would definitely include the tuition of programs at the community college, by which most of the apprenticeships are certified. Regarding the trade associations, some do provide training. As long as they meet the criteria and the industry standards in the bill, the tuition costs should be covered.

SENATOR TOWNSEND:

There might be a need for you and a group of representative individuals to talk with our community colleges, which are already doing some of these things. Rather than inventing something, they might want to see what is available at the community college level and enhance it. I was informed yesterday that community colleges in Nevada now have an enrollment of 41,000 students. That is the size of the University of Michigan. The average age at Truckee Meadows Community College (TMCC) is 31, and people go back to school for a reason: to get new skills or enhance existing skills. There is an opportunity there we do not want to miss out on.

Section 9, subsection 5, paragraph (b) refers to "a cost-of-living stipend which may or may not be in addition to any available unemployment compensation." I am not sure where you want to go with that.

SENATOR HORSFORD:

One of the barriers to getting people to enroll in training is the difficulty of getting by on unemployment compensation while they are being trained. We do not want there to be a disincentive to acquiring the skills that could make them highly marketable workers. Stipends are an allowable expense in the ARRA through the workforce investment dollars. This would not be something that would be entirely funded by stimulus dollars; it would hopefully be leveraged with some of the training dollars.

SENATOR TOWNSEND:

As I understand it, then, unemployment compensation has two problems: the length of benefits and the subsistence level of the benefits. This would enhance that level to make it more viable for workers to be in a training program and hopefully get off unemployment more quickly. Is that right?

SENATOR HORSFORD:

Yes. The collaborative might decide, because they may have an ability to leverage private resources, to use part of their allocation for tuition and part for a living stipend for students. That will create an additional incentive for people to enroll.

SENATOR TOWNSEND:

In section 9, subsection 6, paragraph (a), the bill refers to identifying neighborhoods that qualify for funding for weatherization projects. Traditionally,

recipients of Universal Energy Charge (UEC) funding for weatherization have been identified not by neighborhood but by individual income levels. This is a complex matter with many issues. For instance, many people who qualify as low income live in manufactured or mobile homes, and they are harder and more expensive to weatherize. For that reason, we tried in previous years to say we ought to concentrate weatherization funds in stick-built homes and give monetary support for energy bills to those living in mobile homes. Are you suggesting with this provision that we change the standard we use for UEC funding, or that we use the same standard and add a new one focusing on specific neighborhoods?

SENATOR HORSFORD:

This program in no way interferes, changes or adjusts the existing weatherization program. The ARRA funding requires us to have a strategy focusing on job creation and economic recovery as its primary objective. Our current weatherization program focuses on low-income residences, and the ARRA would allow us to have a broader effect, including weatherizing schools and public buildings. The point of identifying neighborhoods was to try to find where the need is. There are other qualifiers, but we will need to wait for the final language of the ARRA to see who qualifies. I believe income will still be a requirement.

I would like to say that I have no pride of authorship on this bill. This is a team effort and the beginning stages of an overall renewal package we need to debate. I look forward to working with this Committee and this Legislature to come up with the best public policy on renewable energy. I view this as an opportunity to make sure the strategic resources available in the ARRA go to create jobs and help the people who need it the most.

SENATOR CARLTON:

I am glad to see that this bill is about jobs. Some of the jobs that will be created by this bill are ones that would be appropriate for former service workers. When I was listening to the presentation about the ARRA in the area of transportation, I could not picture the waitresses I used to work with working on resurfacing projects on busy city streets. This, however, I can put in context.

I would like to request that we look closely at the people who need this the most. We focus on people with low incomes, and we do want to help them. There are also the working poor: people who are in a 40-year-old home that

needs insulation, a new roof and a new air conditioner, but who do not fit the criteria to qualify for UEC or other assistance. I was happy to see the neighborhood component in S.B. 152, because when you stabilize neighborhoods it benefits the whole community. I am interested in seeing that working folks get an opportunity to access some of these benefits, so they can increase their property values and have a nice home.

SENATOR HORSFORD:

I could not agree more. It is my understanding that NV Energy does a lot with conservation, and there is a need for a great nexus here to expand their conservation programs and allow the stimulus to be used where it is needed the most. With regard to the waitresses you mentioned, there are clearly job opportunities here for workers displaced from the hospitality industry. This is not just an initiative for unemployed construction workers. This is for individuals looking for a new career. Green jobs are our new economy, and high school students thinking about what they want to be when they grow up need to start looking at these fields.

SENATOR CEGAVSKE:

Section 6 of the bill defines renewable energy. Could you explain subsection 2, which excludes fossil fuels and nuclear energy? I would think we should open it up to all possibilities and not leave anything out.

CHAIR SCHNEIDER:

This definition of renewable energy is used throughout the *Nevada Revised Statutes* (NRS). Fossil fuels are not renewable.

SENATOR CEGAVSKE:

I am pleased to see the community colleges involved. They are essential to everything we do. With regard to section 9, subsection 5, you mentioned that the cost of tuition and supplies would be about \$3,500 per person. Is that right?

SENATOR HORSFORD:

That is an estimate based on our analysis. Each collaborative will decide themselves on their cost, based on their training approach. Where there are joint labor-management or affiliated apprenticeship programs that invest in training, the cost would be less.

SENATOR CEGAVSKE:

Paragraph (a) in this section says the funding "must" include cost of tuition and supplies and "may" include a living stipend. This seems entirely appropriate to me.

SENATOR LEE:

I would like to record a number of issues we might want to explore at a later date to help people in disadvantaged neighborhoods, including solar water heaters for residential homes, air-conditioning units with higher Seasonal Energy Efficiency Ratio ratings, natural gas lines and natural gas conversions for residences.

DANNY THOMPSON (Nevada American Federation of Labor - Congress of Industrial Organizations):

We support S.B. 152. These are terrible economic times. In Reno, unemployment among construction and building trades workers is 30 percent. The only thing saving Las Vegas right now is the mega projects currently under way. The CityCenter project has some 12,000 workers, but as that project winds up, there will be no jobs for those people. There are smaller properties off the Strip that are closing because properties on the Strip are now offering rooms cheaper than they were. All of those service workers are falling out of work. Other large projects include the Hoover Dam Bypass and the tunnel under Lake Mead. However, there are no other jobs in that field. Home building is nonexistent. Light commercial properties are built out to the point that they are giving them away. If we do not do something significant, we are heading for very severe times.

This bill creates an opportunity to solve some of our problems. There is a lot of detail in this bill, and the Committee will go through it with a fine-tooth comb. We look forward to working with you in this process. At the end of all that, what you will have is a system to create jobs that will provide for the needs of our economy and also provide job opportunities to those who were in the service industry.

STEVE HOLLOWAY (Associated General Contractors, Las Vegas Chapter):

We are strongly in support of this bill, and we urge its ultimate passage after you do the wordsmithing and tweaking that needs to be done. This is an impetus package that does a lot for jobs and training in Nevada. Our members sit on most of the apprenticeship committees in southern Nevada, and we are

concerned that we do not have jobs for those apprentices, either as apprentices or after they graduate and become journeymen. About 30 percent of our workforce on the commercial side has been laid off over the last year.

We are also concerned about the future. We sponsor construction programs in four different high schools and the technical academies that are being built throughout Las Vegas Valley. We are telling people about great careers in construction, but those careers are drying up. We see the Green Jobs Initiative as a shot in the arm for all these programs. We are prepared to work with the Committee and the groups that arise out of this bill to provide training for these workers for the renewable energy industry.

MONICA BRETT (Southwest Energy Efficiency Project):

The Southwest Energy Efficiency Project supports this bill, as we support any education that promotes energy efficiency. As a board member of the Nevada Faculty Alliance, we support any initiative that promotes cutting-edge education. I would like to request an inventory of current and developing programs in this area, especially within the community colleges, so we have a coordinated approach and do not reinvent the wheel.

JOYCE HALDEMAN (Clark County School District):

As a major beneficiary of this bill, we stand in support of it. I received an e-mail from Paul Gerner, the head of our facilities, in which he states:

I believe we could easily lay out a spending plan for as much money as anyone wants to spend in terms of additional weatherization and renewable energy for schools. We have many old schools that are poorly weatherized. Our approach would be to start with our Energy Star listing of schools and work our way up from the bottom until we run out of money.

The description of the program is compatible with things we have already done, and we stand in full support.

BRYN LAPENTA (Washoe County School District):

I would like to echo Ms. Haldeman's support. I spoke with Mark Stanton, who is in charge of our capital projects, and we currently have a large capital funding crisis. We are in support of the weatherization of the schools, and we also have several solar projects that are ready to go.

SENATOR TOWNSEND:

It would be important to the Committee for Mr. Gerner and Mr. Stanton to identify the projects they refer to, listed in order of priority and with a single sentence explaining why each one is ranked as it is. However, I would like to alert both of them that this is not a wish list. This is not going to fix all your problems. It is important for them to be realistic so we are not over-promising the public.

MS. HALDEMAN:

Our list is ready to go. We had planned to go on the ballot in 2008 for the reauthorization of our building program, then decided to withdraw it because the student population growth decreased so drastically. That list of older schools needing renovation has not changed; in fact, they are just getting older. Although we do have a number of new schools, we have plenty of older schools that will really benefit from weatherization and the other projects.

SENATOR TOWNSEND:

Please make sure your district superintendents are aware of the unusually tight deadlines we have to work with in this case. The ARRA requires passage and approval within 90 days. The window of opportunity is very narrow.

SENATOR CEGAVSKE:

Ms. Haldeman, I know Clark County has done some solar projects and some energy projects in the schools. Can you briefly outline what you have done and where you are going in this area?

MS. HALDEMAN:

I think you are referring to our Career Technical Academies and the career technical programs we offer. I am not well versed on this particular strand, but I know we have a strand related to green energy and developing students who want a career in that field. I will get more information on that for you.

I also have more information from Mr. Gerner's e-mail. He states:

It looks like the generic project description would have us identify those schools that suffer the most due to poor envelopes (which he called uninsulated walls, single-pane windows, leaks, bad roofs, etc.) and to go after those based on the weatherization thing. To any of these projects that had a roof replacement because of weatherization issues, I could add a daylighting component (good

for energy savings and educational effects), and then we can ice the cake with an appropriate amount of solar on any roof.

There are a number of things we have been doing in our new schools. One of the Career Technical Academies is currently undergoing Leadership in Energy and Environmental Design (LEED) certification. It will be the only silver LEED-certified school in Nevada. We are proud of the efforts we have made to be environmentally conscious. The list of things we would like to do is longer than the money we currently have available. The ARRA stimulus package will help us get a leg up on some of the programs.

SENATOR CEGAVSKE:

Are there any schools in the north or south that should actually be torn down? I know there are in the rural districts.

MS. HALDEMAN:

Clark County School District has a school replacement policy in place, in which we continually evaluate our schools once they reach the age of 40 years. We use a formula that compares the cost of renovating the school and the energy costs with what it would cost to replace the school. We do have some schools approaching the point at which we might want to replace them. As part of the building program, we have already replaced ten existing schools in the Clark County School District.

PAULA LEE HOBSON (Executive Director, Institutional Advancement, Truckee Meadows Community College):

We are very much in support of this bill and would like to be an active partner in its development. I have a handout ([Exhibit F](#)) describing the renewable energy training program currently in place at TMCC. This program was launched this spring semester, and we currently have 58 enrolled students. They are about evenly split between young students fresh out of high school and displaced adults, primarily construction workers. Besides a degree track, this program also includes a quick training project. There are also home energy audit classes and quick two-series classes that get students certified so they can work for a licensed installer. We are researching additional programs.

TONY SANCHEZ (NV Energy):

We support S.B. 152. We are a vital partner with a number of educational programs throughout Nevada in renewable energy, including a geothermal

program at the University of Nevada, Reno (UNR), and the program at TMCC just described. We are also working with the University of Nevada, Las Vegas (UNLV), on a minor in solar engineering. We are proud to have helped Nevada become the number two state in the country with respect to geothermal and solar usage per capita. Considering our energy strategy, this bill will partner nicely with what we are doing. In times of great uncertainty, great public policy can be made, and we feel this bill will be a great example of that. We look forward to working with the Committee.

SENATOR TOWNSEND:

Section 11 of the bill calls for two feasibility studies. Has NV Energy done these studies? We do not want to use money for something that has already been done.

MR. SANCHEZ:

We do have extensive analyses of many sites throughout Nevada. We will make those results available to the Committee.

SENATOR TOWNSEND:

It would be helpful to the Committee if NV Energy could supply the information without having to wait for the State Public Works Board, which has not embraced the concepts listed in section 11.

MR. SANCHEZ:

Two years ago, NV Energy created a division within the company focusing on renewable energy. We have a number of wind projects under development, and we have a great track record with our partners in geothermal energy. We will make those resources available.

SENATOR TOWNSEND:

The vast majority of geothermal in Nevada is done by one company, and NV Energy is a joint venture with them in their newest project. If you could work with them to get the information we need, that would be helpful.

MR. SANCHEZ:

We will do that.

CHRIS BROOKS (Bombard Renewable Energy):

I support this bill, which touches every aspect of my life. I have a green job, as do my father, both my brothers and my daughter. We are all products of the Nevada education system. I was trained and have trained hundreds of others in installation of renewable energy systems and energy conservation through the IBEW Local 357 apprenticeship training center. I am particularly happy to see how S.B. 152 leverages the federal funds that are coming our way with existing programs that have been doing great work throughout the State. This bill will facilitate putting a lot of my friends who no longer have jobs back to work. Up until a few months ago, Bombard had about 2,000 employees in Nevada on many projects, many of them renewable energy projects. I have watched hundreds of people go unemployed in the last few months. Combined with the federal monies and NV Energy's aggressive renewable energy strategies, this bill will help put a lot of people back to work.

ROBERT TRETIK (International Energy Conservation):

I am in support of this bill. I have a handout ([Exhibit G](#)) giving some of the benefits of energy-efficiency measures. Those of us who have been preaching this for years are excited to see that people are finally starting to understand energy conservation saves more than just energy.

Mr. Thompson's statement echoes the opening of Charles Dickens' book, *A Tale of Two Cities*: "It was the best of times, it was the worst of times." Albert Einstein is quoted as saying that in the middle of difficulty lies opportunity. That is what we have now. Hoover Dam was conceptualized in 1922 as a reclamation project to control the flooding of the Colorado River which annually brought huge devastation to farmers and residents. When it was constructed, it was discovered that the dam could have a lot of other collateral functions. It now serves as a reservoir for agricultural and potable water supplies, provides recreational facilities and provides a clean source of renewable power generation. It gave a lot of needed jobs to southern Nevada during the Great Depression, and the descendants of many of the workers still live in Nevada to this day. There is a parallel to S.B. 152. President Obama has been quoted as saying that investing in energy-efficiency measures such as weatherization is a three-for-one deal: it saves energy, it saves dollars and it creates jobs.

For the last year, we have been preparing to roll out our residential energy-efficiency retrofit program (REEP). This program does outreach to entire neighborhoods, usually via homeowners' associations, and on a predetermined

schedule sends multifaceted, multidiscipline work crews up and down the block performing energy-efficiency upgrades on an economical, production-line basis. The jobs created by REEP are skilled and non-outsourceable. Staffing includes LEED-accredited professionals, energy-efficiency engineers who have taught at the university level and who train what we call "green-terns" for green collar jobs.

Notwithstanding the earmarking of these funds for people at 200 percent of the federal poverty level, much of that can be financed through on-bill financing for people who do not qualify economically. When we are looking to leverage into these jobs, when we come to neighborhoods with these programs, if someone does not qualify for federal funding, enabling legislation to do on-bill financing would allow them to be funded.

This issue is apolitical. There are members of this Committee from both sides of the aisle who have championed and espoused energy efficiency for years. Senators Schneider and Townsend are great leaders who have exercised their vision to help reduce the consumption of fossil fuels in Nevada. Both of them have been honored nationally by energy-efficiency and conservation group awards.

We have a unique opportunity to take a giant leap forward in the preservation of our environment and the reduction of emissions and greenhouse gasses. The cleanest and cheapest power plant is the one you do not have to build because of the judicious use of energy efficiency. It enables us to do more while using less.

JOSH GRIFFIN (Nevada System of Higher Education; Nevada Subcontractors Association):

Today I represent two groups, both of which support S.B. 152. The Nevada System of Higher Education is ready to meet the challenges, to provide the technology and training necessary to implement this initiative. In addition to the community college programs mentioned, both of our universities have renewable energy centers, as does the Desert Research Institute (DRI). Mr. Sanchez mentioned UNR's geothermal research center. The energy accelerator through DRI is up and going, and UNLV is lending its expertise to eco-friendly homes.

The Nevada Subcontractors Association would also like to be on the record in support of this legislation. We agree with the comments already made regarding unemployment in the construction industry, and we are ready to help.

ALFREDO ALONSO (Ausra Solar, Incorporated):

We support this bill. One of the issues we have faced for some time is finding trained individuals in Nevada. This bill is a huge step toward creating a situation where we will not have to look elsewhere to find trained workers.

CHARLES BENJAMIN (Western Resource Advocates):

I have written testimony regarding my support of this bill ([Exhibit H](#)).

LINDA ABRAMS-BOWIE:

I am one of the displaced unemployed workers who Senator Horsford has tried to help through the Build Nevada Program. I was seeking to become trained as an electrician. I have now completed the Build Nevada Program and received a certificate, only to find there are no jobs. I am in the same situation as when I started the program. There is definitely a need for stipends in these programs. In my class of 30 at Build Nevada, there were many who came to school every day hungry. They walked to class because they had no transportation. We did whatever we had to do to graduate from the program, but when we did, the unions told us there were no jobs.

LES LAZARECK (Home Energy Connection):

I support this bill on behalf of my company and Energy Conservation Group. We are certified home-energy raters and would like to say that we have an interest in partnering with this program. I would like to know if it has been decided how contracts will be awarded to the private sector to ensure that Nevada businesses will be the recipients.

Also, it has been discussed that certification will be required for energy auditors. I recommend that the Committee consider the Residential Energy Services Network (RESNET) comprehensive model, which is used by the Home Performance with Energy Star model. It makes retrofits based on cost-effectiveness, ensures occupant safety and integrates quality assurance and quality control in the process. Another potential revenue stream for the State is to have Nevada become providers for the educational programs through RESNET, as students from out of state would pay to attend classes. We currently have a pool of trained, certified RESNET auditors in the area who are

ready to assist in setting up the curriculum and providing training as the program develops.

I encourage the Committee to take a long-term approach, rather than just a shotgun approach for one or two years. There is discussion on the federal level to encourage that this be a long-term project and how to make that happen, with or without funding.

CHAIR SCHNEIDER:

As you may know, it is impossible to limit the money from the ARRA package to Nevada workers. The dollars have to be made available to everyone. We are trying to figure out how we can target them so Nevada contractors can take advantage before out-of-state contractors come in. That is something we are working on.

JOE JOHNSON (Sierra Club, Toiyabe Chapter):

We would like to go on record in support of S.B. 152. We would also like to volunteer our 5,000 volunteers to the effort. We feel this is a very important initiative. We have concerns that some portions of the bill will preclude getting these programs into the time frame the ARRA requires.

KYLE DAVIS (Nevada Conservation League):

We support the bill and would like to thank Senator Horsford for bringing it forward. The assumption is often made that we cannot protect the environment and strengthen the economy at the same time. This bill proves this is not the case. If we invest in weatherization, energy efficiency and renewable energy, we can lower Nevada's energy bills, reduce greenhouse gasses and harmful pollutants, and put Nevadans back to work, getting our economy moving again.

It occurred to me, as I was listening to the discussion regarding young people looking for employment and the schools' list of possible projects, that there might be an opportunity here for some service projects. We could use existing infrastructure to get some of these projects done even faster.

I am also speaking for Rose McKinney-James. The Solar Alliance asked to be put on record as supporting this bill.

PAUL MCKENZIE (Building and Construction Trades Council of Northern Nevada):
We are here in support of S.B. 152. Our affiliates stand committed to move forward and accept the challenge of preparing workers to meet the demands of this initiative. We can meet any changes in the curriculum required to expand into the renewable energy and retrofitting industry the bill addresses. We have already expanded into the field of solar energy, and we are working with TMCC and the wind-energy industry in northern Nevada to develop a training program on construction and maintenance.

HECTOR NAZARIO:

I am involved with a glazier apprenticeship program with Local 2001. We would love to have the green-collar works come through and to be part of the spearhead of this initiative. We want our apprentices to learn this. To be involved with it also gives us an opportunity to train experienced glaziers who are stuck in the old ways and show them the expanding opportunities that are coming in the greener community.

CHAIR SCHNEIDER:

Is there anyone present who wishes to speak in opposition to this bill? Seeing none, I will close the hearing on S.B. 152. We will now have presentations from the Housing Division and the Welfare Division on Nevada's UEC program.

HILARY LOPEZ, PH.D. (Chief of Federal Programs, Housing Division, Department of Business and Industry):

We appreciate the opportunity to talk about our weatherization assistance program, and specifically about the UEC monies funded through this program. The weatherization assistance program was created in 1977 with the goal of providing energy-efficiency measures to low-income households, defined as those with incomes at or below 150 percent of the federal poverty level, to decrease their energy use and thereby their energy bills. The program is funded by a variety of sources, including the U.S. Department of Energy (DOE) and the transfer of Low Income Home Energy Assistance (LIHEA) grant funds from the Welfare Division. The majority of funding, approximately 75 percent, comes from UEC funds. In program year 2008, \$4,174,577 was awarded to the weatherization program, and I have a handout detailing who was served by this money ([Exhibit I](#)).

Our services are provided by a network of four nonprofit groups: Neighborhood Services in southern Nevada, Help in southern Nevada, Rural Nevada

Development Corporation in the eastern rural communities, and the Nevada Rural Housing Authority in western rural communities and Washoe County. Typical weatherization services provided include replacement or repair of heating, ventilation and air-conditioning (HVAC) systems, sealing ducts, and switch-out to energy-efficient appliances. It is important to note that our funds are provided as grants to the households, which means there are no liens placed on the homes.

In 2009, we anticipated completing over 1,200 units through this program. We are currently approximately halfway through the program and have completed some 600 units. We are currently issuing requests for proposals for the 2010 program. We are excited about the opportunity to keep our success going and hope to receive additional funds from the ARRA monies to allow us to broaden our client base to 200 percent of poverty level and leverage those monies in the exciting ways discussed this morning.

CHAIR SCHNEIDER:

How many jobs do you create doing weatherization?

CRAIG DAVIS (Weatherization Programs Manager, Housing Division, Department of Business and Industry):

There are 3 of us at the Housing Division; we have 4 subgrantees that employ about 25 employees, and they utilize perhaps 25 licensed contractors who also use subcontractors like HVAC specialists and installation and window companies. Combined, the total is perhaps 100 people.

SENATOR CARLTON:

What is 200 percent of the federal poverty level?

DR. LOPEZ:

That is about 60 percent of the statewide area median income for most counties, depending on the number of people in the household.

SENATOR CARLTON:

Do you know the actual number? For example, how much per month would 200 percent of the poverty level be for a family of 4?

MR. C. DAVIS:

For a family of 1, 200 percent of the federal poverty level would be around \$20,800 a year gross annual income.

SENATOR CARLTON:

I would like to see the current federal poverty levels before we start talking about the neighborhoods we were discussing in S.B. 152.

SENATOR TOWNSEND:

Is it possible to get a graph showing the history of the UEC fund in dollars? You should have that information.

DR. LOPEZ:

Yes, we will get that for you.

SENATOR TOWNSEND:

What is the current balance in the weatherization fund? Do you have reserves?

MR. C. DAVIS:

Currently, we have about \$930,000 in reserve that has not been obligated. When we started in 2002, we built a reserve and have utilized the majority of those reserves over the last five years. In 2010, we will not be transferring any funds out of the reserve into the general program funding.

SENATOR TOWNSEND:

I would like to see that information in graph form, please.

MR. C. DAVIS:

We can do that.

CHAIR SCHNEIDER:

How much are you getting from the ARRA?

MR. C. DAVIS:

According to the most recent estimate received from the DOE this morning, it will be around \$38 million.

CHAIR SCHNEIDER:

How are you planning to handle the increased money? How many additional dwellings do you think you will be able to weatherize?

DR. LOPEZ:

A majority of those monies would be made available through S.B. 152 to help leverage those monies into the Green Jobs Initiative. We have estimated we would be able to provide weatherization assistance services to approximately an additional 5,600 lower-income households through those monies.

CHAIR SCHNEIDER:

How long would it take your subgrantees to ramp up and handle all the additional work?

DR. LOPEZ:

We have started talking with our subgrantees on this and identifying opportunities for training additional staff members they need to handle the increased funding. They have not given us an actual time frame at this point.

SENATOR TOWNSEND:

Do you know what your average monthly income from the UEC fund is over the life of the project?

MR. C. DAVIS:

Each year, \$3 million is transferred from the Welfare Division to the Housing Division for the weatherization program.

SENATOR TOWNSEND:

Do you receive that money from the Public Utilities Commission of Nevada (PUCN) on a yearly basis?

MR. C. DAVIS:

It is collected by the PUCN and distributed to us on a quarterly basis.

SENATOR TOWNSEND:

How much do you receive every quarter?

MR. C. DAVIS:

The amount is not incremental. That is, we do not receive a fourth of the total amount every quarter. The first quarter is usually a lesser amount, and the second two quarters make up perhaps 80 percent of the total. We do not usually receive the last quarter till the end of August.

SENATOR TOWNSEND:

Why is there a problem getting the money between two agencies?

MR. C. DAVIS:

Generally speaking, the Housing Division and the Welfare Division receive distribution from the PUCN on a quarterly basis. Whether this could be expedited to a monthly distribution, I cannot say. The PUCN distributes the UEC funds as they collect them.

SENATOR TOWNSEND:

I would guess the difference is due to the differences in utility charges from summer to winter. I would like to see those statistics, please.

MR. C. DAVIS:

We will provide them.

SENATOR TOWNSEND:

Is there a regulatory lag between the time you receive the money and the time you release to the contractor?

MR. C. DAVIS:

Not that I am aware of.

SENATOR TOWNSEND:

Why are you sitting on \$900,000? It is better than the \$7 million that was in your reserve previously, but this is still not good.

MR. C. DAVIS:

We were advised to keep 10 to 15 percent of the fund in reserve in the event there was a sudden, urgent need, such as a natural disaster.

SENATOR TOWNSEND:

Who came up with that percentage?

MR. C. DAVIS:

That was an internal decision in our office. Part of the reasoning was to offset any significant reduction in the federal funding of our program, so we could maintain a constant level of funding for our subgrantees.

CHAIR SCHNEIDER:

Do you have any ideas that would make your programs better, or are they operating as best they can?

DR. LOPEZ:

There is always room for improvement. Our nonprofit network is very successful. We look for additional training opportunities to continue to build the skills of the people who work in this program. We look at different outreach avenues to identify eligible households. When we do energy audits and evaluate the work that has been done, we find it is being done to a very high standard, and the clients participating in the program are very satisfied with the work they receive. We are achieving the energy improvement standards we are looking for, and we feel overall that we have a high level of success.

SENATOR TOWNSEND:

Are you tracking the monies you give out and the resulting reduction in energy usage for each home?

MR. C. DAVIS:

Yes. I will get that information to you.

DR. LOPEZ:

In 2008, we were able to achieve an average energy savings of approximately 200 therms or 2,000-plus kilowatt-hours per year for each unit weatherized.

CHAIR SCHNEIDER:

Please get all the data together and plan to return to the Committee next week.

We will now have a presentation from the Welfare Division on this same topic.

ROMAINE GILLILAND (Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services):

I have written testimony ([Exhibit J](#)) and a handout showing UEC history and projections ([Exhibit K](#)). The mission statement of the Energy Assistance Program

is to assist eligible Nevada families in meeting their heating and cooling needs. In the current fiscal year, we will be helping approximately 22,000 families and distributing approximately \$18 million. There are two primary revenue streams that provide the money for this program. We typically receive approximately \$3.8 million from the federal LIHEA grants program. In the current fiscal year, we are also receiving a one-time incremental increase of approximately \$12.9 million. The second stream of income we receive comes from the UEC. We receive 75 percent of the mill tax assessment applied against gas and electric usage from NV Energy and Southwest Gas. Those funds as received from the PUCN flow into an interest-bearing account that is maintained on behalf of both the weatherization program and the Welfare Division, and as required and expended, those funds are distributed.

The Welfare Division electronically transmits a list of eligible families to the weatherization program so they are aware of the families receiving low-income energy assistance. We collect applications in two primary sites, one in the north and one in the south, as well as in all our district offices. We are currently also using family resource centers in some circumstances to collect information and prescreen applications.

With regard to funding, the UEC collections are approximately \$9.7 million per year, LIHEA funds are approximately \$3.8 million and \$1.5 million for leveraging. Approximately 10 percent of the LIHEA funds are used for administrative costs, and the balance is transferred to the individual recipient or the energy company. We are required to obligate 90 percent of the funds we receive by the end of the federal fiscal year. For the UEC, there is a 5-percent administrative cost, and we are required to transfer 30 percent of the unobligated or unspent funds to the weatherization program at the end of the year for funds received in that year that have not yet been fully utilized. At this time, we do not anticipate that there will be any funds for transfer to weatherization of that 30-percent category.

Today we have approximately 9,000 applications pending. The number of applications has grown over the last several months, and that is causing a wait of approximately three to four months from the time the application is submitted until eligibility is determined. We have actively added approximately 28 temporary eligibility staff to work down those applications, with a goal of reducing application processing time to 3 to 4 weeks. We believe we will accomplish that by the end of May or the beginning of June.

When we prepared our budget for fiscal year (FY) 2010-2011, we anticipated that with the growth in the number of eligible families, there would be approximately 4,000 families in 2010 and 10,000 in 2011 who would not be served due to insufficient funding. With the availability of the one-time funds from the federal government in federal FY 2009, we are managing those funds to limit the number of unserved families to the greatest possible extent. At this point, we believe all eligible families will be served in 2010. There will be some unserved families in 2011, however. Also, the FY 2010-2011 budget was built around an average annual benefit of \$559. As energy rates have been creeping up, so have the benefits. Today, we are seeing an average annual benefit of \$692.

CHAIR SCHNEIDER:

We would like you to come back next week with this information in spreadsheet form so that we can review the numbers.

SENATOR CARLTON:

Do you know why the application process is taking so long? Is it because the application is too complicated or because you do not have the staff? We need to do something to make that quicker, keeping in mind the families waiting for this assistance are in a bind. What part of that system is not working for you?

MR. GILLILAND:

In November and December 2008, we recognized that we had a significant backlog of applications and that the processing time was increasing. At that time, the level of funding was uncertain. We received notification of a federal grant of \$12.9 million, and we looked at the best way to expend that money to reduce the backlog and distribute the money to the needy citizens of Nevada as quickly as possible. We implemented a program to add approximately 28 staff, and they started to be added in January 2009. So that we would not exceed our legislatively approved authorization, we required an additional approval of funding for that purpose at the Interim Finance Committee in February. Since we have been adding staff, we are seeing the backlog come down. If we had stayed on track, I believe processing time would have continued to grow beyond four months. I believe we will have a plan in place to reduce it by May or June 2009.

SENATOR CARLTON:

Can you give me a rough estimate of the processing time once all the new staff are trained?

MR. GILLILAND:

We believe processing time will be three to four weeks, and we are firmly committed to having an average processing time sustained at that level.

CHAIR SCHNEIDER:

According to [Exhibit J](#), you have a large carryforward amount every year, from \$7 million in 2007 to \$14 million in 2005. Why is that?

MR. GILLILAND:

We recognized that the level of expenditures of the program was increasing. For example, we saw an expenditure level of approximately \$18 million in FY 2007-2008. We anticipate the expenditure level going to \$21 million this year. With the level of federal funding in conjunction with the UEC funding, we did not see a sustainable reserve. At the end of the current fiscal year, we will have a reserve of approximately \$3 million. By the end of the next biennium, our reserve will be down to zero. The goal of the reserve is to try to sustain services to as many families as possible, recognizing that we will have declining revenues in the next two years. The \$21 million we have slated for this year will be dropping to something in the high teens for the next 2 years.

CHAIR SCHNEIDER:

Every session, we have wondered why your reserve was not going down. Every session, you have told us it would decline, and somehow it never does. It will be interesting to see next session if your reserve really does drop to zero.

Subsection 1 of NRS 702.275 states:

At the beginning of a fiscal year, 30 percent of the money in the Fund which was allocated to the Division of Welfare and Supportive Services during the preceding fiscal year pursuant to NRS 702.260 and which remains unspent and unencumbered must be distributed to the Housing Division for a program of improving energy conservation ...

Is there a problem with how you are calculating that 30 percent, so that you can somehow keep the \$7 million? Do we need to change that to allow the money to flow more to the Housing Division?

MR. GILLILAND:

We believe the reserve will be approximately \$3 million to \$4 million at the end of this year. Our interpretation of the legislation is that if we fully expend the funds received in the current year, that section would not apply. What we have been doing is expending the funds as received and retaining the prior reserve. We believe we are properly following the statute, and we also believe the reserve is being spent down.

CHAIR SCHNEIDER:

I would like to have that spelled out on a graph for next week, please.

MR. GILLILAND:

I would be happy to do that.

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CHAIR SCHNEIDER:

Is there any further business to come before the Committee? Hearing none,
I will adjourn this meeting at 10:30 a.m.

RESPECTFULLY SUBMITTED:

Lynn Hendricks,
Committee Secretary

APPROVED BY:

Senator Michael A. Schneider, Chair

DATE: _____