

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

**Seventy-fifth Session  
March 4, 2009**

The Senate Committee on Energy, Infrastructure and Transportation was called to order by Chair Michael A. Schneider at 8:08 a.m. on Wednesday, March 4, 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:**

Charles Horsey, Administrator, Housing Division, Department of Business and Industry  
Hilary Lopez, Ph.D., Chief of Federal Programs, Housing Division, Department of Business and Industry

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Craig Davis, Weatherization Programs Manager, Housing Division, Department of Business and Industry  
Danny Thompson, Nevada American Federation of Labor - Congress of Industrial Organizations  
Paul McKenzie, Building and Construction Trades Council of Northern Nevada  
Marlene Lockard, Subcontractors' Legislative Coalition  
Randy Canale, Northern Nevada Western Apprenticeship Coordinators Association  
Ernie Adler, Nevada Rural Housing Authority  
Lynn Gondorcin, Director of Real Estate, Nevada Rural Housing Authority  
Monica Brett, Southwest Energy Efficiency Project  
Les Lazareck, Home Energy Connection  
Ferrel D. Hansen, Rural Nevada Development Corporation  
Charles Ruiter, Ruiter Construction  
Terry Page, Acciona Solar Power  
Mark G. Stanton, P.E., Assistant Superintendent of Capital Projects and Facilities Management, Washoe County School District  
Allen Biaggi, Director, Department of Conservation and Natural Resources  
Susan Clark, Ph.D., Renewable Energy Accelerator  
Ray Bacon, Nevada Manufacturers Association  
Robert Tretiak, Ph.D., International Energy Conservation  
Pete Coates, Nevada Center for Vocational Education and Research  
Craig Hartman, Nevada Eclipse  
Michael Tanchek, Labor Commissioner, Department of Business and Industry

CHAIR SCHNEIDER:

We have two handouts from staff this morning. The first is a collection of newspaper articles about energy issues in Nevada ([Exhibit C](#)). The second is a primer on demand-side management from the Public Utilities Commission of Nevada ([Exhibit D](#)).

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):

I have a proposed amendment to the bill that incorporates several suggestions made to my office since the first hearing of the bill on February 20 ([Exhibit E](#)). I would like to go through the provisions of the bill as amended by [Exhibit E](#).

Section 2 of the bill provides for the creation of the Green Jobs Initiative. Sections 4 through 8 define terms used in the bill. Section 9, subsection 1, requires the Department of Employment, Training and Rehabilitation (DETR) and the Housing Division of the Department of Business and Industry to establish contracts:

... with one or more nonprofit collaboratives to carry out the State's mission of creating new jobs in the fields of energy efficiency and renewable energy by combining job training with weatherization, energy retrofit applications and the development of renewable energy plants.

Section 9, subsection 2, sets out the criteria by which a nonprofit collaborative qualifies for these contracts. There was a concern that the original language of this subsection would have required existing nonprofit entities to restructure their boards. [Exhibit E](#) changes the requirement to say nonprofits would instead:

... enter into a written agreement relating to job training and career development activities with one or more of the following: (1) a labor management agency or other affiliated agency which has established an apprenticeship program which is registered and approved by the State Apprenticeship Council pursuant to chapter 610 of NRS [*Nevada Revised Statutes*]; (2) A community college or another institution of higher education; and (3) A trade association which has an accredited job skill training program.

This should address the concerns. The intent is for us not to have training for training's sake. The training needs to be tied to industry standards on energy efficiency and build upon the skills needed in the new economy of renewable energy as it emerges in Nevada. We want it to be high-level training with industry-recognized standards and credentials.

Section 9, subsection 3, requires DETR, to the extent money is available, to contract with one or more qualified nonprofit collaboratives to carry out the programs, including job training related to energy efficiency and developing apprenticeship programs to train laborers. The fields to be covered in training are listed in paragraph (b) of subsection 3. Subparagraph (1) of paragraph (b) has been amended to refer to "the implementation of energy efficiency measures" in order to avoid the concern about the use of the word "promotion." This is consistent with the language in the American Recovery and Reinvestment Act of 2009 (ARRA).

Section 9, subsection 4, specifies the training must be sufficiently detailed to allow the trainees to perform improvements associated with energy conservation, residential weatherization and energy efficiency pursuant to the Housing Division's program for energy assistance to low-income households.

Section 9, subsection 5, requires training to include the cost of tuition and supplies. Training may also include a stipend, which may or may not be in addition to any available compensation, to the extent funding is available.

Section 9, subsection 6, requires the Housing Division, to the extent money is available, to contract with one or more qualified nonprofit collaboratives to carry out the provisions of the weatherization program. Requests for proposals and contracts must include provisions requiring all employees of outside contractors who work on the project be paid prevailing wages as required by the ARRA, depending upon the classification of the skill in which they are trained. In addition, 50 percent or more of the workforce must be trained as described in section 9, subsection 3, paragraph (b) of S.B. 152. Finally, the contractor must provide employees and their dependents health insurance under chapter 689 of the NRS or the Employee Retirement Income Security Act of 1974 (ERISA), whichever applies.

Section 9, subsection 7, requires DETR and the Housing Division to report their activities under this bill to the Interim Finance Committee (IFC) every time it meets. Based on the admonitions of President Obama, it appears he is going to hold governors and mayors accountable for how every dollar of the ARRA is spent. It is imperative that we as legislators have control, not just during this Legislative Session, but also during the interim, to ensure the strategies we propose are carried out according to our intent.

Section 10, subsection 1, requires the State Public Works Board within 90 days of the effective date of S.B. 152 to determine specific projects to weatherize and retrofit public buildings, facilities and structures, or to otherwise use sources of renewable energy to serve those buildings. The Board is required to prioritize and select the projects based on the length of time to commence the project, the number of workers to be employed, the effectiveness of the project in reducing energy consumption, estimated cost, whether the project can be powered by or otherwise use sources of renewable energy and whether the project is qualified for participation in one of several incentive programs that are

already in existence. This would allow further leveraging of the ARRA dollars with private-sector incentives, particularly those provided by NV Energy.

Section 10, subsection 2, places these same requirements on the board of trustees of each school district, and subsection 3 places them on the Board of Regents of the Nevada System of Higher Education. These provisions are in the bill because the initial version of the ARRA specifically designated money for retrofitting schools and universities. That specific fund was not included in the final version of the ARRA, but the provisions were included in the weatherization and energy-efficiency programs as allowable expenditures, based on state strategy.

Section 10, subsection 4, requires the State Public Works Board to award the contracts using the same guidelines as the nonprofit collaboratives use, as noted in section 9, subsection 6, paragraph (b).

Section 11, subsection 1, directs the State Public Works Board, to the extent money is available, to conduct a feasibility study concerning the use of geothermal energy to provide heating to the Lovelock Correctional Center. Subsection 2 requires the Division of State Parks of the State Department of Conservation and Natural Resources to conduct a feasibility study on the construction of a hydroelectric generator and wind turbines in and near the South Fork Reservoir near Elko.

Let me highlight some of the other changes suggested by [Exhibit E](#).

Section 9, subsection 2, paragraph (a), subparagraphs (1) and (3): The amendment specifies that labor management agencies have apprenticeship programs as outlined in NRS 610, and trade associations have accredited job-skill training programs. The point is to make sure trainees are being trained correctly for green jobs and acquire the skills they need to perform the jobs outlined in the bill. Classroom training does not need to be lengthy, and much can occur when trainees are paired with skilled tradesmen on projects.

Section 9, subsection 6, paragraph (a): This change makes it clear that the Housing Division will focus on residential projects in contracting for weatherization work. The components for public buildings will be funded by energy efficiency block grants.

Section 10, subsection 1, paragraph (f), subparagraph (5); subsection 2, paragraph (f), subparagraph (5); and subsection 3, paragraph (f), subparagraph (5): These provisions relate to establishing participation in utility energy-efficiency programs as an additional criteria for the State Public Works Board, the University of Nevada and the school districts to qualify projects for weatherization and retrofits. This is to ensure we are leveraging every available incentive to stretch the dollars and benefit as many people as possible.

Section 10, subsection 4, paragraph (d), and section 9, subsection 6, paragraph (b), subparagraph (4): This change clarifies that health insurance plans must meet the requirements of either state law or the federal ERISA law. Some plans are governed by ERISA rather than state law.

Section 11, subsection 2, paragraph (b): This corrects a drafting error. The wind turbines project being considered is in the vicinity of the South Fork Reservoir near Elko.

"I would state for the record that the representatives of those areas, Senators—Senator Rhoads, Assemblymen Goicoechea and Carpenter—were supportive of all the provisions of those sections."

SENATOR TOWNSEND:

With regard to section 11 of the bill, is there a reason why you narrowed the wind portion to the South Fork Reservoir? Is there research available designating that as the appropriate area?

SENATOR HORSFORD:

There is no particular reason to limit it other than the prior history of discussion of these items.

SENATOR TOWNSEND:

I note that the bill limits those who can perform the work to contractors who will pay prevailing wage, provide health insurance to the workers and their dependents and have 50 percent of the workforce trained to meet the bill's standard. Those three things seem to narrow the field to a certain group of individuals, mostly organized labor. Is that the way you read this?

SENATOR HORSFORD:

No. Prevailing wage is not a labor-only issue. There are nonunion contractors who do public-work projects and pay prevailing wage. There are those who provide health insurance to their workers. I do not think this provision excludes the bill to one particular group of contractors.

SENATOR TOWNSEND:

Do we know how many contractors there are who meet these criteria?

SENATOR HORSFORD:

I know there are a lot of people looking for work. I would defer that to the private industry.

SENATOR TOWNSEND:

We have had a lot of testimony over the years from the Housing Division regarding the weatherization program. They have told us a vast majority of their subgrantees who perform this work do not provide prevailing wage, and most of them do not pay for health insurance. Does that mean we will have to keep the two programs separate? Will those subgrantees be precluded from participating in this program? What is the structure of the flow of the money? Do you have a figure associated with S.B. 152 so we know how much money will be available?

SENATOR HORSFORD:

I have met with Mr. Horsey of the Housing Division, and it is not our intent to cause them to overhaul or drastically change the weatherization program as implemented at the state level. However, the federal program requires a certain standard to be met. I believe the language in the bill would allow the Housing Division to partner with other entities without changing the individuals with whom they currently have contracts. However, if we can elevate the standards to meet the federal standard, it will give us access to the weatherization portion of the ARRA, which is \$38.8 million for Nevada. As I understand it, our current weatherization program receives \$3 million to \$4 million a year. We want to do whatever it takes to bring these federal dollars to Nevada. We recognize that these are one-shot dollars and that we will not be able to sustain the program at this level forever. However, we will be able to help a lot of families, provide a lot of jobs and job training, kick-start an industry and hopefully transfer these workers going forward.

In regard to the funding, our fiscal staff, the Governor's Office and various other parties are still working to decide exactly how each federal dollar will be allocated. I can tell you the categories of available funding I believe support the Green Jobs Initiative. There are essentially three categories of funding. First is the energy efficiency and conservation block grants; Nevada's share of that is \$9.8 million. The block grants may be used to achieve activities to achieve the purposes of the program, including developing and implementing an energy efficiency and conservation strategy, retaining technical consultants, conducting residential and commercial building energy audits, providing grants to nonprofit organizations and governmental entities to perform energy-efficiency retrofits and so on.

The second category of funding is the state energy program, and in this area \$26.3 million goes to Nevada. In general, the money must go towards energy conservation, through either reduced energy consumption or the development of renewable-energy sources. All money received must go to implementation or continued implementation of a state's energy conservation plan. The third category is the weatherization assistance program, which offers \$38.8 million to Nevada. Under this category, grants can be made for the purposes of assisting owner-occupied, low-income families with weatherization.

We also expect to utilize the ARRA's workforce investment dollars for reemployment services. Because of our high unemployment, Nevada is receiving a considerable amount of money from the ARRA for training for adult dislocated workers and older youths, with DETR to support this program. I cannot give you a specific dollar amount today. As the money committees take up those issues, we can agree on a reasonable allocation for this initiative.

SENATOR TOWNSEND:

I have two follow-up questions. First, is there a way to meet the ARRA guidelines within the framework of the existing weatherization program? Do we need to create a separate trust fund or something like that? Second, I have not seen the guidelines for the state energy component, but I am hoping they are flexible. What we have done over time is focus this program on low-income families, seniors, the disabled and other people who need one-time help to keep their utility bills manageable for a long period of time. Your point about reporting to the IFC is a good one.



SENATOR HORSFORD:

I agree. We need maximum flexibility along with maximum accountability in these programs. Based on the goals of the new administration to set weatherization and energy efficiency as priorities, the ARRA is the first in a series of opportunities for us to address weatherization and energy efficiency going forward. Our challenge is to make sure we stay abreast of that policy and to ensure our policies are aligned so we can get the maximum benefit from the funding. We are not likely to have another major federal stimulus bill, or perhaps I should say that I hope the economy will begin to recover and we will not need one. But programs like weatherization and energy efficiency will become more of a priority over the next four years with this administration. We need to continue to capitalize on whatever resources are available and to make sure our programs match the federal requirements to do so.

SENATOR CARLTON:

I know your intent is not to put anyone out of work. Unfortunately, there may be instances in which someone has been doing this job for a while, and now you want them to stop and go back to school. How are we going to deal with those who are already out there doing this work? I am wondering how we merge in the training for those folks. I do not want to see them lose an opportunity to do work because they have to come back in for training.

SENATOR HORSFORD:

There is no requirement that everyone who does contracting be trained. Those who are unemployed or underemployed who want to start a new career in this area and who do not have those skills would have to take advantage of this training first. They will be given the resources to do that at no cost to themselves. If someone possesses the skills now, there is absolutely no requirement for them to go through this training to perform this work. What this initiative does is allow us to offer some work through public projects that are not available today to workers who have these skills. Once we have the list of jobs to be done on public buildings, we hope those skilled workers will be first in line to take advantage of the opportunity. That is what this bill is intended to do. We want to make sure those who lack the necessary skills get the training they need. In the long term, that creates a trained workforce we can market to existing companies like NV Energy and the new companies hoping to come to Nevada to start this new economy.

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SENATOR CARLTON:

Section 10, subsection 1, lists projects to be weatherized and retrofitted and includes in this list "traffic-control systems." Why is this item in this list?

SENATOR HORSFORD:

This is something that was included in the ARRA.

SENATOR LEE:

With regard to section 11 of the bill, why are these two projects in this bill?

SENATOR HORSFORD:

These are projects that have been discussed in prior legislative sessions. When this bill was being drafted, it was suggested that they were germane to the matter of the bill. I was supportive and allowed them to be included in the bill.

SENATOR LEE:

The Division of State Parks is not getting any money from ARRA; in fact, we will be closing nine state parks. I question whether this agency has the money to do these studies. Is that a matter of concern to this bill?

SENATOR HORSFORD:

It is not the main mission of the bill, no. To the extent money is available from the block grants, these projects could be done. Part of the problem has been that there is a lack of funding to even do a feasibility study, despite the great benefit of the project.

SENATOR LEE:

I am concerned that we are spending money for something private industry would study if they saw the feasibility for the projects. I would welcome more information on this at another time.

SENATOR CEGAVSKE:

In section 9, subsection 5, the bill specifies that funding for job training "must" include tuition and supplies but "may" include a stipend. With the limited funds available, why do we not also say "may" for the cost of tuition and supplies? The same issue applies to the provisions regarding prevailing wage and health insurance. These financial requirements add up and can keep some entities from participating. Is the wording for prevailing wage in the ARRA?

SENATOR HORSFORD:

I do not know if it is in the ARRA. Prevailing wage is required for both state and federal public works projects, as per the federal Davis-Bacon Act of 1931 and NRS 338.020.

SENATOR CEGAVSKE:

In section 11, would it be appropriate to change the provision to include the phrase "not limited to" Elko? That would leave open the possibility of more sites.

SENATOR HORSFORD:

Yes. With regard to the training costs, training will be funded by the DETR reemployment programs. There is an additional allocation from the ARRA for this. This bill is an attempt to provide a strategy for how those dollars get spent. We are trying to design something based on a priority of need that also supports the long-term need. The bill says they "must" include tuition and supplies because they are standard costs of training. The stipend is an allowable expense under the ARRA, but it is not a requirement. Many people who do training do so with no additional compensation. But to the extent that money is available or the partnerships decide to offer a stipend, that is permitted through the rules process administered by DETR.

SENATOR CEGAVSKE:

In the first hearing on this bill on February 20, you referred to the number of jobs you thought this might create. Could you remind me of that number? Also, do we have the qualified workforce to begin this work? Do you see it coming in a wave? Is it a year away or two years away?

SENATOR HORSFORD:

The number I provided last time was the number we thought could be trained. Until we know the list of projects to be completed, which will ultimately include schools, public buildings and homes, we will not be able to estimate how many jobs will be created. That is something the private sectors will determine through the contracting process. Based on the amount of funding available, I anticipate we can train 3,500 individuals and weatherize 6,500 homes in Nevada.

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SENATOR CEGAVSKE:

Am I right in saying we will still have the State funds allocated for weatherization currently, and the funds from S.B. 152 will be in addition to that?

SENATOR HORSFORD:

Correct.

SENATOR CEGAVSKE:

Is there a plan laid out for funding once the ARRA funds are expended? Often, we are zealous in putting a project together but do not have enough money to finish the project.

SENATOR HORSFORD:

The ARRA is one-shot funding, and this bill is not intended to be an ongoing initiative. It is intended to jumpstart the program and expand weatherization to a level that allows us to fully allocate the federal dollars. We do not know what the future allocation for weatherization will be, or indeed if there will be one at the federal level. This bill would give us the infrastructure to take advantage of the situation if there is one. Otherwise, there is no expectation that this program will continue beyond what we have done in the past.

SENATOR CEGAVSKE:

The Housing Division will have to bring on new staff to handle the influx of new jobs this bill will create. What happens to them when the program ends?

SENATOR HORSFORD:

We will tell them when they are hired that the job is temporary, that it is a grant-funded program from a one-shot source of funding and we cannot commit beyond the current revenue source. I know the Legislature has a history of doing that. But these are extraordinary times, and we are all trying to figure out how to jump-start the economy and trigger recovery. Today we have 128,000 Nevadans without employment, and most of them are in the construction and service sectors. What this bill is intended to do is utilize the funding available in a strategic way so we are not just spinning dollars haphazardly. It is strategic, it is measurable, and there is accountability. If our weatherization program is a success and the new administration continues to make weatherization funding a priority, we will have lost nothing because we positioned ourselves to capitalize on that in the future. In the meantime, we can

serve thousands of needy families and people who need jobs. That is the only objective of S.B. 152.

SENATOR NOLAN:

Did you say this bill could potentially create 3,500 jobs?

SENATOR HORSFORD:

No, that is the number of people we feel can be trained. The number of jobs created has to come from the private sector. I do not know how many jobs an individual project would employ, since the government does not employ people. We are trying to provide a conduit for them to have jobs to offer.

SENATOR NOLAN:

We were told 6,500 homes could be weatherized. Perhaps the industry could tell us how many jobs that means.

SENATOR HORSFORD:

But the 6,500 homes is not the end of the initiative. Based on the lists submitted by the school districts, the universities and the Public Works Board, there will also be work to weatherize public schools and other public buildings. The complexity of each job is also a factor. Those decisions will be made later in the process.

SENATOR NOLAN:

In section 9 of the bill, it states that DETR and the Housing Division "shall establish contractual relationships with one or more nonprofit collaboratives ... " This seems unnecessarily restrictive, as it allows DETR to identify a single entity. There are dozens of entities that could qualify as collaborative.

SENATOR HORSFORD:

The phrase "one or more" allows DETR to contract with as many entities as desired. It is also possible that all the entities could come together to form a single collaborative. We felt the discretion should be left to DETR and the Housing Division. We did not want to prescribe how the collaboratives should form.

SENATOR TOWNSEND:

At some point in the future, it would help the Committee if you could give us a breakdown of how this bill would spend the money: what percentage would go

to job training, what percentage to weatherization and so on. It would also help ensure the final form of the bill spends the money in the ways you intend.

SENATOR HORSFORD:

We will do that. I am looking forward to working with the Committee to create a whole new economy in the State.

CHARLES HORSEY (Administrator, Housing Division, Department of Business and Industry):

We support S.B. 152. We sincerely welcome the opportunity to have more individuals trained in weatherization work in Nevada. Weatherization has just enough differences that the average construction worker needs to be trained to do the work, and we know DETR is anxious to get started.

Our primary concern has been addressed in large measure by [Exhibit E](#), Senator Horsford's amendment. Over the years, we have developed an outstanding delivery system. The nonprofits and construction firms we have worked with have done everything we have asked of them. They have geared up, added more workers and sent more people to training. Our concern was that we be allowed to hit the ground running and start weatherizing homes with this additional money as soon as possible. It is good public policy in this case to use as many of these dollars as we possibly can. We do not know how much time will be needed to train additional workers and have them in place. Our idea was to utilize the successful delivery system that is already there, since there are already many good workers ready to start. We are happy to work with Senator Horsford and the Committee to refine the language as needed. We still have not received from the federal level the guidelines governing the expenditures of the ARRA. We have been told numbers between \$26 million and \$38 million.

With regard to prevailing wage, currently the weatherization program is not subject to the prevailing wage requirement. The average salary paid to people doing weatherization work is probably in the range of \$15 an hour. We have heard differing reports as to whether prevailing wage will be built into the weatherization portion of the ARRA. We have asked for as much flexibility as they can allow, since everything we do in the weatherization program must have a positive rate of return. In other words, if we spend \$30 weatherizing, it must produce a savings of at least \$31. We may need to offer further amendments to ensure flexibility to let us utilize these dollars.

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

We have amendments to suggest ([Exhibit F](#)). Much of this has now been incorporated into [Exhibit E](#), but some of the changes are still relevant. In section 9, subsection 1, [Exhibit F](#) suggests language to clarify the role of the Housing Division and its limited scope of services. As currently drafted, the bill ties the Housing Division to the creation of jobs within the development of renewable-energy plants and energy-retrofit applications, which is beyond the scope of our mandate; we are geared toward residential weatherization only.

The changes in [Exhibit F](#) in section 9, subsection 2, and in subsection 6, paragraphs (a) and (b), are no longer relevant, given the amendment offered by Senator Horsford.

In section 9, subsection 6, [Exhibit F](#) suggests language to allow us to continue to provide services with our current nonprofit groups. I will leave it to them to say if they think this change is still needed, given Senator Horsford's proposed amendment.

With regard to section 9, subsection 6, paragraph (b), subparagraph (3), we are still waiting for official grant guidance from the U.S. Department of Energy (DOE) on prevailing wage. As Mr. Horsey said, we have been exempt from Davis-Bacon Act requirements in the past; however, the preamble to the ARRA seems to have the Davis-Bacon Act apply to all programs referenced. The DOE is currently determining whether their waiver applies. We are also attempting to analyze at our level whether meeting the Davis-Bacon requirements would necessitate us to modify or eliminate some of the measures we currently do as a result of increasing wage levels, given our requirement to preserve our savings-to-investment ratio (SIR).

We recommend adding a paragraph to this same section. Section 9, subsection 6, paragraph (b), subparagraph (5) would read: "Any other provisions, requirements or stipulations required by the U.S. Department of Energy or other applicable regulations and conditions applicable to the residential Weatherization Assistance Program operated by the Division." This clarifies that we may need to adhere to other provisions stipulated by the DOE.

SENATOR LEE:

Mr. Horsey, how many homes would you say have been weatherized through your program?

MR. HORSEY:

We have been weatherizing about 1,250 homes a year. We also do apartment units, though we try to be sure the benefits of the weatherization are passed on to the people who reside there rather than the apartment owner.

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

In 2006, we weatherized 1,139 units using \$3.6 million. In 2007, we weatherized 1,222 units using \$4.6 million. In 2008, we did 1,360 units for \$4.5 million. In 2009, we are scheduled to complete 1,266 units, and we will have about \$5.2 million in combined funding.

SENATOR LEE:

That adds up to roughly 5,000 units since 2006. Is there a chance we will have any duplication, with workers being sent to a home a second time? How will we track this?

MR. DAVIS:

Regulations from the DOE allow us to re-weatherize homes done prior to September 30, 1993. We are prohibited from making substantial repairs to units we have weatherized with DOE funds since that date. Under the Universal Energy Charge program, we are allowed to return to a unit after five years. However, the official grant guidance, which we have not yet received, deals with average cost per unit, allowable measures, the SIR requirement, compliance with the Davis-Bacon Act and other details and will have an impact on all of this.

SENATOR LEE:

Do I understand that the additional 6,500 homes will come from a list provided by your office? Is that how the contractors will know where to go?

MR. DAVIS:

Under the current program, we can only do weatherization for households with incomes up to 150 percent of the federal poverty level. When the program started, we estimated there were 150,000 households meeting this standard.



We have heard the ARRA will bump this up to 200 percent of the poverty level, and we estimate that would raise the number of eligible households to 377,000.

SENATOR LEE:

Will you be the dispatch center for all the work done under this bill?

MR. DAVIS:

I cannot answer the question. That could be a position we would want to fund. We have not done outreach in the past because our service providers were limited, and we did not want to inundate them with work they could not perform. People would have to wait six to nine months to get the work done, and that is not a good thing. With the program proposed in S.B. 152, we would have the money to meet a lot of the demand. I am guessing we will then need to hire someone to do outreach and coordinate amongst the nonprofits and the subgrantees to get the work done.

DR. LOPEZ:

Currently, we coordinate with the Welfare Division's Low Income Home Energy Assistance (LIHEA) program. Those who are receiving that assistance are eligible for our program as well. We mail them postcards to let them know and help them get in contact with our subgrantee network. We also coordinate with NV Energy's program, by which people who are ineligible for the LIHEA program due to income are referred to our subgrantees. Our subgrantees also do outreach to eligible households.

CHAIR SCHNEIDER:

Is there a difference in the prevailing wage between residential weatherization and commercial weatherization? If so, what is the difference?

DR. LOPEZ:

There is a difference, both at the state level and at the Davis-Bacon level, between commercial and residential work. We have looked through the Davis-Bacon wage-rate classifications to see where we would align the contractors and subcontractors who do residential weatherization. Some pieces of what is done under the weatherization program align with some of those classifications, but not all of the pieces align. We are still working to determine what the prevailing wages would be.

MR. HORSEY:

Just for general information, the average amount spent to weatherize a home under your previous guidelines was \$2,600. That amount is going up to \$5,000 per unit under the ARRA.

SENATOR TOWNSEND:

You have done 3,721 homes over 3 years at a cost of \$12.1 million. Under the ARRA we have \$38 million, and Senator Horsford is talking about 6,500 homes. The funding is triple. Does that mean the remaining amount would go to training?

DR. LOPEZ:

That is not how we read the ARRA. The \$38 million is allocated to weatherization. There is a small amount that could be used for training, but the majority must be used for actual residential weatherization services. The portion of funding that would be used for training would be the funds Senator Horsford identified as flowing through DETR to the workforce investment boards.

MR. DAVIS:

Until we get final grant guidance, we do not know. Typically, training and technical assistance is a budget category provided in our annual DOE allocation. We do not know the amount yet.

SENATOR TOWNSEND:

I believe Senator Horsford said the energy portion of the ARRA for Nevada had about \$26 million in it. The information we have received says:

Section 410 of this act makes a portion of these funds available only to states that update their residential building codes, commercial building codes, create plans for enforcing building codes, and update regulations on utility energy efficiency programs.

Are you working with the building community and local governments on building codes so that we can receive additional funds if we meet these guidelines?

MR. DAVIS:

We are abreast of the current changes in the building energy-code requirements. Typically, working with the different municipalities is done through the Governor's Office of Energy.

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SENATOR TOWNSEND:

Your office has an expertise in the area of housing and would know more about code than the Energy Office. Is there a dialogue going on?

MR. DAVIS:

No.

SENATOR TOWNSEND:

Could there be?

MR. DAVIS:

Absolutely.

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

In northern Nevada, you currently have Depression-level unemployment. That has never happened before. In southern Nevada, you are soon to have the same thing. You have a reliance on a single industry for 50 percent of your money, and the largest gaming company in Nevada is trading on the stock market this morning at two dollars and change. This bill is not about weatherization. This bill is about putting those people back to work. If you do not put them back to work at livable wages, you are not going to stimulate anything. The whole idea of the ARRA is to spend money and create jobs. This money was not intended to cheap out the worker, to make a contractor rich or to make someone a lot of money. This money was set aside to help solve that problem. If we do not solve that problem now, we will reach a point from which we will not be able to return. The Davis-Bacon Act was enacted to help end the Depression. It was brought by two Republican senators who knew that if you did not pay people some money so they could spend it in the community where they lived, you were never going to turn it around. The importance of this provision in S.B. 152 cannot be overstated.

A lot of the money is set aside for weatherization, but there are other possibilities for renewable-energy projects listed in section 6 of the bill. The South Fork Dam project was created in 1983 by former Assemblyman Byron (Bill) Bilyeu from Elko to stimulate their economy and to create recreational opportunities and jobs in Elko. There is an opportunity now to expand that to

put in some hydroelectric generators there, and that would be an appropriate way to spend this money.

We currently have 18,000 students in the College of Southern Nevada in Clark County; that is the equivalent of \$6 million a year to that school. All of our apprentices go through the college.

With regard to the comment that the bill is restricted to union contractors, anyone can bid on these contracts. Of the contractors who worked on the Southern Nevada Water Authority, the largest public works job ever done in the history of Nevada, 60 percent were nonunion contractors who paid prevailing wage.

I do have a question about section 6 of S.B. 152. There is an opportunity to use garbage to create energy that has been long overlooked. If you go to the Apex Regional Landfill in southern Nevada, there is a flame burning off the methane from the decomposing garbage. We should be using that gas to create energy rather than just burning it off. This might be covered under the term "biomass."

CHAIR SCHNEIDER:

We will be discussing that in the Committee meeting on March 12.

MR. THOMPSON:

I will be there. This is an appropriate bill at an appropriate time. We need to do all we can do to put people back to work, whether it be weatherization or a wind plant in Elko.

CHAIR SCHNEIDER:

Do you know more about the different levels in the Davis-Bacon Act? Are people doing skilled or dangerous commercial work paid differently than people doing residential work?

MR. THOMPSON:

There are two standards: the federal Davis-Bacon Act and the State prevailing-wage requirement. The rate differs by county and by classification.

CHAIR SCHNEIDER:

Do you know how it is calculated?

MR. THOMPSON:

In Nevada, the labor commissioner conducts a yearly survey of contractors who submit wages in classifications. From that, he figures the wage that prevails in the county where the work is performed.

PAUL MCKENZIE (Building and Construction Trades Council of Northern Nevada):  
In northern Nevada, we are facing 30-percent unemployment in the construction trades. At the last meeting of the Building and Construction Trades Council of Northern Nevada, we heard the sobering news from some of our affiliates that many of them are approaching 50-percent unemployment. This is in a winter that has not been severe enough to shut down construction. It is a sobering situation.

I started working in construction as a mud monkey packing mud sacks to route the fissures at South Fork Dam. At that time, we wondered why there was not a hydroelectric plant built into the dam. The plateaus above the dam are a good place for wind turbines.

We look forward to working with you to make this Green Jobs Initiative work. Our apprenticeship programs stand ready and willing to man up and put apprentices in jobs along with journeymen trained in this type of work, creating a workforce to go into the future in green energy.

SENATOR NOLAN:

What we ultimately want to do is employ as many people as we can for as long as we can since we do not know how long this bad economy will last. We would hate to retrain all these people, put them out and then find when the money runs out that they are unemployed again with job skills they cannot use. Once the federal money runs out, who is going to pick up the phone to ask for \$2,500 of weatherization when they are not employed? This is an enormous problem we are going to need your help with.

MR. THOMPSON:

In addition to our apprenticeship programs, we run other programs, like our Second Chance Program for ex-felons. Those programs are limited in time and funds. The hope is that when the program ends, the person will come out of it with a path to a real job with real benefits. I have a lot of faith in DETR, which does a great job. Given their abilities and the need, we can put something together that will work for everyone.

MARLENE LOCKARD (Subcontractors' Legislative Coalition):

The Subcontractors' Legislative Coalition consists of union and nonunion labor and subcontractors, and we are strongly supportive of this bill. It means jobs for our workers and subcontractors. We are ready, willing and able to bid on these public-works projects.

RANDY CANALE (Northern Nevada Western Apprenticeship Coordinators Association):

I have written testimony describing the training efforts of the Northern Nevada Western Apprenticeship Coordinators Association in all phases of green technologies ([Exhibit G](#)). We have a highly trained and fully capable workforce of Nevadans who are ready to do this work.

ERNIE ADLER (Nevada Rural Housing Authority):

We support this bill, though we have some technical concerns. First, there are a couple of subgrantees who do not technically qualify as nonprofit collaboratives. We would recommend a change to the language to allow government entities to be defined within the scope of nonprofit collaboratives. Second, we had a concern about the provision dealing with board composition. However, I believe Senator Horsford's amendment, [Exhibit E](#), resolves that problem. The Committee should recognize that the Housing Division does an excellent job with the weatherization program. The contract workers are well trained and certified in weatherization. This means there is already a crew of people out there who are well qualified and closely monitored by the Housing Division.

The bill is currently worded to become effective upon passage and approval. This means 50 percent of the workforce will have to be trained pursuant to the passage of the bill. For this reason, we recommend workers who are currently certified be included in the grandfather clause so they can count them as part of the trained and certified weatherization workforce. That would enable all the subgrantees to hit the ground running. If they got additional money, they could immediately start new weatherizing projects. Without that, the wording of the bill might require contractors to lay off half their workforce and wait for people to go through training so that 50 percent of the workforce would be trained under this bill. I do not believe that is what was intended.

The Nevada Rural Housing Authority can work with any of the labor apprenticeship programs. We have a building trades program at Western Nevada College in Carson City, and there is an excellent program in weatherization at

Truckee Meadows Community College (TMCC). For the extreme rural counties where people do not have access to those types of classes, there are some excellent Internet programs. There needs to be some sort of accommodation for people who need to be trained via the Internet and then apprenticed with an experienced weatherization contractor.

With regard to prevailing wage, we will do anything the Legislature thinks is good public policy. We would recommend the requirement for health insurance be changed to say it should be provided by the contractor or the nonprofit collaborative/governmental entity. Some of the contractors we have are small, and I doubt that they will be able to provide health insurance. We do not want to disadvantage the small contractors. There is a misconception that the subgrantees could not ramp up rapidly to do more houses. There is a never-ending list of people who need weatherization. If the money were available, they could ramp the program up rapidly if we could utilize the existing program to do that.

LYNN GONDORCIN (Director of Real Estate, Nevada Rural Housing Authority):  
I have a letter with comments and concerns about S.B. 152 ([Exhibit H](#)). Several of our concerns have been answered by Senator Horsford's amendment. We would recommend the bill include language to grandfather in contractors and vendors who have received weatherization training through the Housing Division as qualified weatherization service providers. The Housing Division provides a great deal of ongoing, updated training. They do a great job of training and should be recognized for that.

We also request that other contractors involved in this work, such as those who install windows or furnaces, be counted as part of the 50 percent of trained people. They are not weatherization technicians, but they are also required to have weatherization training.

SENATOR CARLTON:

Senator Horsford has said that the last thing we want to do is put people out of work. We want them to keep doing the work; we just want to be sure we provide the right path for them to do it.

MR. ADLER:

That is why it is important for us to have some fairly clear language about grandfathering. With regard to Senator Nolan's concern about what happens to

these workers after the money goes away, they will have a marketable skill. They are not going to just be able to insulate houses. They will have a lot of other skills they can use when the housing industry or commercial construction comes back. This money will train people in jobs they can do for the rest of their lives, even if they are not in weatherization.

MONICA BRETT (Southwest Energy Efficiency Project):

Senator Horsford addressed many of our concerns. We would like to urge the Committee to have a consistent definition of an energy audit. One way to achieve this is to encourage the Nevada Office of Energy to conduct a workshop on this matter this summer. If resources are an issue, our organization is willing to offer staff time to help coordinate that.

Also, as a public-interest organization, we would like to make sure there is adequate infrastructure for communication between government departments so the public knows where to direct their questions.

LES LAZARECK (Home Energy Connection):

I have a document entitled "Building Performance of Southern Nevada, Green Job Initiative" for the record ([Exhibit I](#)).

It is important with this bill to keep a long-term perspective on our actions and make sure the work performed provides a return on investment for our tax dollars. Also, we need to make sure the jobs we create go to Nevadans. I was told at a previous hearing that this is not possible, and I am curious to know if that has changed. I also want to stress that it is important every home be treated individually and not repaired in a cookie-cutter fashion. The Environmental Protection Agency and the DOE are concerned about quality assurance and quality control. They want to make sure the repairs and improvements made can be quantified and that measurable improvements can be seen. Finally, one thing I have not heard discussed is how eligibility for training will be determined. That needs to be spelled out.

FERREL D. HANSEN (Rural Nevada Development Corporation):

We are very much in support of S.B. 152, and I would like to echo much of what Mr. Adler and Ms. Gondorcin said. We have the ability to ramp up to meet the needs of this bill. I am concerned about the 18-month period of this funding and the ramp-down that may occur at that time. My company is one of the subgrantees working with the Housing Division, and training for us is a



six-month process. Given that time requirement, the training requirements of this bill could complicate our ability to spend out in the 18-month timeline of the ARRA.

The amendment about the composition of nonprofit boards addresses our concern about not being able to participate. We work with multiple different agencies. Community Housing Development certification through the U.S. Department of Housing and Urban Development, for example, is distinct as to the makeup of our board of directors, including the interest groups and demographics represented there. Any change in the board of directors of our agency could jeopardize our funding stream for all the other projects we do for housing for all the residents for rural Nevada.

I would also like to echo Mr. Adler's suggestion that the definition of "nonprofit" be expanded to include quasi-governmental entities.

I would like to see the language regarding grandfathering incorporated, as Mr. Adler discussed. We do not want to lay off people in order to hire people from training that does not yet exist.

CHAIR SCHNEIDER:

Senator Horsford has indicated your groups are grandfathered in. Everyone who is currently trained is good to go. This is for people who need to acquire new skills.

SENATOR CEGAVSKE:

Does S.B. 152 or the ARRA set quality standards for these workers? I would assume there is a standard for the people who are currently doing weatherization. Will there be a federal standard that might be different from our state standard?

CHAIR SCHNEIDER:

I do not believe there is a federal standard. They are leaving all those details up to the states.

SENATOR CEGAVSKE:

What is the standard for the people currently doing the work? How do we check to see that they are up to that level?

CHAIR SCHNEIDER:

The workers are covered by the license of the contractor for whom they work. The contractor's license is on the line if their work is not up to standard.

CHARLES RUITER (Ruiter Construction):

I have been a general contractor in Nevada for 19 years and have been working with the Weatherization Assistance Program for 6 years. I would like to express my support and excitement about this bill. I currently employ 20 people, 10 of whom work on the weatherization program, and I am in the process of training the remainder of my staff in weatherization. The training required to turn a skilled worker into a weatherization technician usually takes at least six months, and the cost to the company is substantial.

Although I support this bill, I do have some concerns. One of my concerns is with the training guidelines in section 9. The time it will take to provide a qualified training facility may infringe upon the time we have to serve the large number of clients at hand. Another concern is the new pay scale and health benefits program outlined in section 9. Under current program regulations, weatherization programs have to meet specific SIRs. Most of the retrofits are installed cost, meaning the labor and overhead are included in the cost of the work. These SIRs are also geographically predetermined to ensure the funds provided are used in the most efficient way possible. These ratios include a modest labor rate. My biggest concern is that the client will not receive the full potential of the program.

Also, it is my understanding that during the time the ARRA is in effect, the DOE funding now allocated to existing state weatherization programs will not be received, therefore calling a halt or reduction in the weatherization assistance we are currently providing.

SENATOR NOLAN:

Every home will not necessarily require the full \$6,500 to get it up to code. It would be helpful if we could see a chart listing the possible components of weatherization and the cost of each component.

CHAIR SCHNEIDER:

Mr. Davis, could you respond and review your priority list as well?

MR. DAVIS:

Certainly. We have heard from several people a concern about preserving the SIR. To figure this ratio, first we look at the improvement measure, say increasing the insulation level from R-19 to R-38. We then look at the energy-bill savings that will be realized for the life of the measure; for example, attic insulation has a life expectancy of 20 to 25 years. We then take the savings and divide it by the cost of installation, which includes labor and materials. By DOE regulations, the resulting ratio should be one or greater.

If the cost of labor increases significantly, it may have an impact on the weatherizing measures we install. The measures we install are basically determined by an energy audit software program we developed. Ten years ago, we picked typical multi-family homes, typical mobile homes, and typical site-built single-family homes, five of each in the north and in the south. We entered the parameters of all those homes, including square footage of glazing and floor, the type of siding, the type of roofing, and typical floor, attic and wall insulation, and entered it into this program. The program then told us the most cost-effective measures for each climate zone, building type and heating, ventilation and air conditioning (HVAC) type. I can provide you with all this information if you would like.

SENATOR NOLAN:

The new variable in the equation now is the need to keep as many people employed for as long as we can. This will have an effect on the decision about what work needs to be done for each house.

MR. DAVIS:

I do not know if this is possible, but it will take a while to spend this money. During that same period, we will be accumulating our usual funding from the federal energy and conservation fund. Could we possibly bank that funding while we spend the ARRA money? Then, when the ARRA funds run out, we will have the other money waiting for us to be used as ramp-down money. That would decrease the impact of the end of funding.

By my estimate, we need to encourage anyone who is qualified to participate in this program. There is a lot of work that needs to be done in a short time.

SENATOR CEGAVSKE:

How many people are on the waiting list for weatherization right now?

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MR. DAVIS:

I do not have that information with me, but I will get it for you.

SENATOR CEGAVSKE:

Will this bill have an impact on that list?

MR. DAVIS:

Yes, a significant one. We should not have a waiting list. The only reason we do not have a larger waiting list is that we do not advertise the program due to limited resources and delivery systems. If we did, we would inundate our delivery system, and it is not fair to leave people on a waiting list for six to nine months. With the ARRA money, we are looking at a significantly larger number of eligible households. With that in mind, we may need to hire a publicist or someone to help us with our outreach efforts.

SENATOR CEGAVSKE:

Do you need to do that if you already have a waiting list? Also, what is the major thing that is done when you weatherize a home?

MR. DAVIS:

The most common things are wrapping water heaters with blankets, installing insulation, HVAC repair and replacement and installing compact fluorescent lightbulbs.

TERRY PAGE (Acciona Solar Power):

We actively support S.B. 152. We believe we can help deploy some of the legislative intent.

MARK G. STANTON. P.E. (Assistant Superintendent of Capital Projects and Facilities Management, Washoe County School District):

Senator Horsford asked us to share with you some of the energy efficiency and weatherization projects we have undertaken over the last couple of years, and I have a booklet showing them ([Exhibit J](#), original is on file in the Research Library). We fully support this bill and hope there is funding for both solar and weatherization projects in the schools.

ALLEN BIAGGI (Director, Department of Conservation and Natural Resources):

We are neutral on S.B. 152 at this time. I have a written statement regarding this bill ([Exhibit K](#)). We have filed an amended fiscal note for costs associated

with the feasibility study required in section 11. We understand there may be some existing information with regard to the possibility of a hydroelectric unit on the South Fork Dam. We are trying to track down that information; if it exists, it should reduce the cost of the study.

SUSAN CLARK, PH.D. (Renewable Energy Accelerator):

We support the bill and its amendments. I am currently involved in developing a wind energy training program in northern Nevada with TMCC, the school district, labor unions and the industries. The idea behind it is creating nimble, flexible and integrated job training programs. I would encourage that to be a focus as we move forward.

The new e-learning platforms on the Internet are powerful in terms of bringing this information together and allowing it to be updated. We are looking at some programs already in the State, how they can be modified for the larger needs for job training that go beyond this initial need for weatherization and into the entire renewable-energy industry.

Finally, we have a lot of new companies looking to come into the State for renewable energy, from biomass, solar and wind companies, as well as the new low-emission and zero-emission vehicles. All of them will need job training, so we need to have a very flexible job training program.

RAY BACON (Nevada Manufacturers Association):

We have an amendment to suggest ([Exhibit L](#)). We recommend adding the following to section 6, subsection 1: "(g) Waste heat use and power generation; (h) The manufacturer of components to make any of items (a) through (g) viable."

ROBERT TRETIK, PH.D. (International Energy Conservation):

I have written testimony regarding my company's Residential Energy Efficiency Retrofit Program ([Exhibit M](#)).

Green-collar jobs created by this bill include not just engineers and contracting trades and electricians, but customer liaison, outreach, energy auditors and educators.

We suggest the bill be amended to give preference to Nevada-owned and -operated companies.

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PETE COATES (Nevada Center for Vocational Education and Research):  
We support S.B. 152 and look forward to working with you in implementing its provisions as soon as possible.

CRAIG HARTMAN (Nevada Eclipse):  
I own a local retrofit business that does a lot of business with the State. My concern, which has already been addressed by Senators Carlton and Horsford, is whether I will be legislated out of doing business with Nevada. I do not have any employees and probably will not. Will I be at a distinct disadvantage when I bid on a contract with the State because it is not possible for 50 percent of my company to participate in this program? There is a difference between intent and implementation.

CHAIR SCHNEIDER:  
I do not think you will be at a disadvantage. If you are doing this business right now, you must be qualified, and we have no interest in taking you off the job for this training. We will ask staff to come up with language to make sure this gets into the bill.

MR. ADLER:  
This was our concern as well. Section 10, subsection 4, paragraph (b) of the bill requires that 50 percent of the contractor's workforce must be trained by a program which, according to section 9, subsection 3, does not yet exist. If you pass the bill as it is now written, you will have to close down every weatherization program in the State since no one is currently trained under that program. You will probably need some language in there exempting people currently certified by the Housing Division or certified as journeymen by a labor union.

CHAIR SCHNEIDER:  
It is the intent of the Committee that people who are qualified to do the work now continue to work. We will work on the language.

I recently received a statement from Chad Dickason regarding his support and concerns about S.B. 152 ([Exhibit N](#)). Since he was not able to attend the hearing this morning, I will enter his statement into the record.

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MICHAEL TANCHEK (Labor Commissioner, Department of Business and Industry):  
We are currently wrestling with the prevailing wage provision of this bill to determine its enforceability. We are encouraging the apprenticeship programs to work with this legislation.

CHAIR SCHNEIDER:  
Is there any further comment? Hearing none, I will close the hearing on S.B. 152 and adjourn the meeting at 11:12 a.m.

RESPECTFULLY SUBMITTED:

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Lynn Hendricks,  
Committee Secretary

APPROVED BY:

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Senator Michael A. Schneider, Chair

DATE: \_\_\_\_\_