



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
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by

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HB 1509 Proposed HD 2 – RELATING TO ENERGY

Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

The University of Hawai'i strongly supports HB 1509 Proposed HD2 with the changes noted below because it seeks to establish a special fund to support both net-zero energy efficiency projects and deferred maintenance projects throughout the University system, and because HB 1509 HD2 provides needed general fund capital to partly address some of the deferred maintenance projects on our campuses.

Suggested Changes: Section 7.(1), (A): delete the entirety of this section regarding Kuykendall Hall; and Section 7.(1), (B) to read: \$____ for plans, design, construction, and equipment for the retrofit of Klum gym, with new athletics-support functions and for other campus small energy efficiency projects with high return on investment; provided that \$____ of this sum shall be funded through financing mechanisms in section 304A-B(b) (3), Hawaii Revised Statutes.

The University appreciates that this bill appropriates an initial amount of general funds and authorizes the University to secure third-party financing to design and construct specific deferred maintenance projects that have energy efficiency and renewable energy opportunities at its Manoa and Hilo campuses and that any energy savings associated with these projects gets deposited into the net-zero special fund, to support energy efficiency projects and pay the debt service. The bill specifically provides that any debt service incurred by the University for these projects shall not exceed the projected energy savings. Management and accountability for the revenues and expenditures of this fund will be reported annually.

Finally, from a technical standpoint, we will need to ensure that the creation of a special fund will meet the self-sustaining criteria as defined in Hawai'i Revised Statutes, Section 37-52.3(4). We are confident that the energy fund concept is viable when addressing stand-alone energy projects. The University has not yet been able to establish that this financial approach ensures that the fund will be self-sustaining over time.

In closing, the University supports the purpose and intent of HB 1509 Proposed HD2. We look forward to working out the details of the financing model and any related project figures with the committee.