

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 3008, S.D. 1

FEBRUARY 20, 2014

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST ANAERGIA INC.

Senate Bill No. 3008, S.D. 1, authorizes the issuance of special purpose revenue bonds (SPRB) to assist Anaergia Inc. with the development of facilities for renewable non-fossil fuel energy production in Maui pursuant to Part V, Chapter 39A, Hawaii Revised Statutes.

The Department has no position on the issuance of SPRBs as contemplated in this bill. The Department would like to advise the Legislature and prospective issuers that should the legislation be approved, approval of SPRB issuance will still require further discussion and satisfactory review of the financing components involved in the transaction.

Thank you for the opportunity to provide testimony on this measure.

ZERO WASTE CAMPAIGN MAUI

IF YOU'RE NOT FOR ZERO WASTE, HOW MUCH WASTE ARE YOU FOR?

2740 Liholani Street, #9 ... Makawao, HI 96768 ... (808) 283-8167 ... jstark@maui.net

<http://www.zerowastemaui.net>

February 20, 2014

Re: SB3008

Aloha:

We are writing to state our opposition to SB3008.

We view this Bill as the latest effort to create a major industrial facility on Maui to deal with our solid waste resource management issues. We have been involved for over a year in an effort to illuminate the operational details, the environmental and economic impacts and the way this project has been managed by the current County administration.

Originally known as the "Integrated Waste Conversion To Energy Project, this plan was conceived with virtually no public input. It was also not vetted by any Maui County employees who have been involved in nearly 20 years of development and management of County solid waste resource management programs. The project was also touted as a "no cost to the County" opportunity with the developer/contractor having sole responsibility for financing the project.

As originally conceived this project featured two main components: an anaerobic digestion capability which would handle the County's "wet" organic food wastes, biosolids and other materials; and, a VR Press capability which would utilize the dry organic and other components of Maui's waste stream to produce a "Refuse Derived Fuel" for use in a solid waste incinerator or other facility.

Over the course of the past year virtually every component of the original plan and proposal has been changed. However, these changes have not been documented in an updated plan or proposal made available to the public. Rather, the changes have been mentioned in public and private conversations and have continually morphed into a set of vague promises which, if implemented, would result in a project dramatically different from the one originally proposed.

Despite all of these issues, and significant public outcry, the Maui County administration proceeded to initiate non-public negotiations with Anaergia Services, Inc. The result was an "Agreement" which was not subject to public or County Council review. We believe that not only is this "Agreement" faulty for these and other reasons, it is also deficient in that it does not commit Anaergia to any of the conditions originally specified in the County RFP nor does it offer any detail on how the "Agreement" is to be administered or implemented.

With all of this in mind, we believe that supplying Anaergia with \$150 million in public funds is unwise. At a bare minimum we would like to have an opportunity to learn more about what they are actually proposing and what their level of experience in development and management of municipal solid waste resource management programs including recycling, composting, materials recovery, source reduction, etc.

Please allow us the time to attempt the County administration and Anaergia to adequately answer our questions and provide our input. Please vote "No" on SB3008.

Respectfully submitted:

Jeffrey H. Stark

Zero Waste Campaign Maui



SENATE COMMITTEE ON WAYS & MEANS
Thursday, February 20, 2014 – 9:05 a.m. – Room 211

Ulupono Initiative Strongly Supports of SB 3008 SD 1, Relating to the Issuance of Special Purpose Revenue Bonds to assist Anaergia Inc.

Dear Chair Ige, Vice Chair Kidani and Members of the Committee:

My name is Murray Clay and I am managing partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase renewable energy, and reduce/recycle waste. Ulupono invests in projects that have the potential to create large-scale, innovative change.

Ulupono strongly supports SB 3008 SD 1, which authorizes the issuance of special purpose revenue bonds to assist Anaergia Inc. Ulupono's waste mission is to reduce waste tonnages from going into the landfill. Relative to the neighbor islands, O'ahu has the greatest percentage of waste diversion from the landfill due to more sorting and processing facilities, including the City and County of Honolulu's H-POWER waste to energy plant. After being processed by H-POWER, waste volume into the landfill can be reduced by 90% while subsequently creating electricity that can power O'ahu's homes. Yet, there is no waste to energy plants on the neighbor islands.

In addition, landfill space is limited in island communities. Therefore, projects such Anaergia's proposed material recover facility will reduce the need for future landfill space on Maui. Siting for future landfills can be difficult as the residents in nearby communities often oppose their development.

Furthermore, waste can be burned into baseload renewable energy production. Without this energy production, MECO would have to import and use more fossil fuels to generate electricity. Anaergia's waste to energy plant will be better for the environment, create more sustainable energy production, and reduce the need for further power generating infrastructure.

Thank you for this opportunity to testify.

Respectfully,

Murray Clay
Managing Partner

Email: communications@ulupono.com



From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: Karen@RedwoodGames.com
Subject: Submitted testimony for SB3008 on Feb 20, 2014 09:05AM
Date: Tuesday, February 18, 2014 7:38:57 PM

SB3008

Submitted on: 2/18/2014

Testimony for WAM on Feb 20, 2014 09:05AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Karen Chun	Individual	Oppose	No

Comments: Whoa! We were told that entering into this contract would not cost the taxpayers anything but tipping fees. But now we're going to FINANCE the plant AND be locked into 20 years of tipping fees?? The Maui public has no idea that this is going on. There were 2 public trash forums where the "plan" was modified and AT NO TIME was there any talk of issuing revenue bonds to pay for this. This whole deal stinks to high heaven. You folks need to investigate before giving this company a single cent.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: alohashellservice@hawaii.rr.com
Subject: Submitted testimony for SB3008 on Feb 20, 2014 09:05AM
Date: Tuesday, February 18, 2014 4:36:40 PM

SB3008

Submitted on: 2/18/2014

Testimony for WAM on Feb 20, 2014 09:05AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Paul Hanada	Individual	Oppose	No

Comments: Aloha, I am a Maui resident. I do not believe this bill and it's companion HB2191 is in the best interest of the general public. The proposed ideas are well intentioned but Anaergia proposed this as a self sustaining project on Maui. To have the taxpayers of Hawaii pay 150 million dollars for something that is supposed to be self sustaining is absurd. Please do not allow this bill to move forward. Thank you

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