



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committees on Higher Education
February 14, 2017 at 2:03 p.m.

By
Jan Gouveia
Vice President for Administration
University of Hawai'i System

HB 794 – RELATING TO ENERGY AT THE UNIVERSITY OF HAWAII

Chair Woodson, Vice Chair Hashem, and members of the committee:

Thank you for the opportunity to submit testimony on HB 794. The University of Hawai'i ("University") supports this measure which establishes a green special fund within the University to reduce energy consumption and costs. This bill will facilitate a sustainable means of financing energy efficient and other sustainability projects at the University that will ultimately improve energy performance, reduce operating costs, and modernize our facilities.

Green Revolving Funds ("GRFs") are prominent across many colleges and universities dedicated to addressing sustainable facilities, operations and behaviors. These funds are typically managed by the university to fund energy-efficient projects, reduce resource use, and other sustainable efforts which repays the GRFs either through savings realized by the project or other sources of income.

GRFs have gained momentum across the nation. According to the Association for the Advancement of Sustainability in Higher Education, there are at least 85 universities that use GRFs as part of their sustainability programs.

Last year, the University of Hawai'i formally established the Office of Energy Management ("OEM"). In addition to supporting smaller campus initiatives, the OEM has taken on a larger effort to holistically tackle the high energy consumption across all ten campuses. To assist in this effort, a green special fund is necessary to support multiple methods of financing (including internal loans, other special funds, and private donations) and the repayment of debt service from special funds, private donations, and energy rebates. Establishment of a green special fund at the University will also ensure that funding dedicated to sustainability initiatives are used for that particular purpose and, more importantly, ensure that any savings from the investment be reinvested toward other sustainable projects.

There is strong student support for this initiative as well. In August 2015, the Associated Students of the University of Hawai'i ("ASUH") passed a resolution in support of a Green Revolving Fund, saying that *"ASUH acknowledges the growing concern our university's infrastructure faces and believes that sustainability projects that reduce operational costs is integral in improving both the fiscal nature of this university along with its environment"*.

The student resolution further states that *“ASUH hopes the GRFs would serve as an example for organizations and departments on this campus to lead best business practices to not only save money, but to also further promote sustainability in a fiscally responsible manner”*.

The green special fund advanced by HB 794 will improve fiscal management, increase transparency, and support the University’s progress towards its Net Zero Energy mandate (Act 99, Session Laws of Hawaii 2015).

Thank you for the opportunity to testify in support of HB 794.

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
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FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON HIGHER EDUCATION
ON
HOUSE BILL NO. 794

February 14, 2017
2:03 p.m.
Room 309

RELATING TO ENERGY AT THE UNIVERSITY OF HAWAII

House Bill No. 794 establishes the University of Hawaii Green Special Fund to help the University of Hawaii (UH) reduce energy consumption and costs. The special fund would generate revenues through savings from energy conservation measures, legislative appropriations, rebates, private contributions, and investment earnings. The bill contains an unspecified appropriation for the new fund that would be used to support energy efficiency, renewable energy and sustainability projects and services.

As a matter of general policy, the department does not support the creation of special funds which do not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to

House Bill No. 794, it is difficult to determine whether the proposed special fund would be self-sustaining.

In addition, it should be noted that Section 196-121, HRS, provides a financing mechanism for energy efficiency and renewable energy projects through energy savings contracts (ESCOs) and energy performance contracts (EPCOs). Other State departments and agencies have used these financing mechanisms to finance many of the same types of projects as proposed under the UH Green Special Fund. Further, the ESCOs and EPCOs may be more flexible as they utilize existing budgetary resources, and do not require seed money, nor the ongoing calculations of energy savings for deposit into the special fund.

Thank you for your consideration of our comments.



ADA

HAWAII

AMERICANS FOR DEMOCRATIC ACTION

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February 9 , 2017

TO: Honorable Chair Woodson and Members of the Higher Education Committee

RE: HB 794 Relating to the University of Hawaii
Support for hearing on Feb. 14

Americans for Democratic Action is an organization founded in the 1950s by leading supporters of the New Deal and led by Patsy Mink in the 1970s. We are devoted to the promotion of progressive public policies.

We support HB 794 to establish the University of Hawaii green special fund within UH to reduce energy consumption and costs, and it requires UH to submit an annual report to legislature. The University should lead the state in green energy technology. Therefore we support this bill and would also support a bill to divest any stock fund associated with the state from companies whose primary business is carbon based energy production.

Thank you for your consideration.

Sincerely,

John Bickel
President

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 9, 2017 10:28 AM
To: HEDtestimony
Cc: joneslm@hawaii.edu
Subject: Submitted testimony for HB794 on Feb 14, 2017 14:03PM

HB794

Submitted on: 2/9/2017

Testimony for HED on Feb 14, 2017 14:03PM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Lindsay Jones	Individual	Support	No

Comments: Good Afternoon, My name is Lindsay Jones and I am a Senator with the Leeward Community College Student Government. I am writing to you because the University of Hawaii Green Revolving Fund (HB794) is very important to both me, and my campus. We, the student sustainability coordinator and my fellow student government members, the voice of the students see this as a necessary tool to reach our goals and protect our natural environment. We are have come to a crucial time for the future of our environment, and it is important now more than ever, that we take the necessary steps to take care of Hawai'i- and lead the way to a more sustainable future. Thank you for you time, Lindsay Jones

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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Late Testimony

February 9, 2017

To: House Committee on Higher Education
Representative Justin H. Woodson, Chair
Representative Mark J. Hashem, Vice Chair

Re: Support for the Green Revolving Fund

Thank you for the opportunity to provide testimony. The Graduate Student Organization at the University of Hawai'i at Mānoa (GSO) stands in **support of the UH Sustainability Office Green Revolving Fund HB 794**. The GSO represents approximately 4,700 graduate students at the University of Hawai'i at Mānoa and this fund aims at to promote sustainable initiatives on campus. Projects such as building maintenance and hiring more engineering staff, are all critical to support the graduate student body at UH Mānoa. Students work very hard on their theses and dissertation projects, only to have buildings running on high energy, non-sustainable fixtures, gives out and portions of their research is lost. This fund is critical to help the buildings on this campus run as smoothly as possible

The Green Revolving Fund, if passed, would launch this university into the goal of constructing buildings that will obtain a minimum of a LEED "Silver" or "Gold" by 2035 as defined by UH Mānoa's Executive Policy 4.202. This fund will also provide paid student positions that focus on sustainability issues on campus, at once addressing critical sustainability initiatives and providing desperately needed funding opportunities for Graduate Students.

For these reasons, we urge you to pass the HB 794 Green Revolving Fund relating to sustainable initiatives on campus, not only for the benefit of our graduate constituents, but to support our university's campus in becoming a more sustainable place that encourages greener initiatives.

Mahalo,

Genelle Watkins
Sustainability Chair, Graduate Student Organization