

DAVID Y. IGE  
GOVERNOR



RODERICK K. BECKER  
DIRECTOR

ROBERT YU  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**

TESTIMONY BY RODERICK K. BECKER  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEES ON ENERGY, ECONOMIC DEVELOPMENT,  
AND TOURISM AND GOVERNMENT OPERATIONS  
ON  
SENATE BILL NO. 664

**February 12, 2019**  
**2:45 p.m.**  
**Room 225**

RELATING TO CONTRACTING FOR PUBLIC FACILITIES

Senate Bill (S.B.) No. 664 amends Section 36-41 of the HRS to allow agencies to enter into multi-year performance contracts to undertake or implement energy conservation or alternate energy measures for vehicles. The energy performance contract, an agreement for the provision of energy services and equipment, may be provided in exchange for a portion of the cost savings, lease payments or specified revenues, and the level of payments is contingent upon verified cost savings, energy production, avoided maintenance, avoided energy equipment replacement, or any combination of the foregoing.

The Department of Budget and Finance appreciates the intent of this measure to promote energy conservation but is not clear on how the amendments would be implemented. As written, this bill would allow agencies to contract to provide energy conservation or alternate energy measures for their vehicles, as currently done for facilities. Although converting vehicles may be possible, it is not often done; thus, we

note that this bill does not allow for the lease purchase of alternate energy vehicles in exchange for cost savings.

It is also not clear what savings would be used to fund such contracts. For example, cost savings for a gasoline powered vehicle compared to an electric vehicle would include gasoline costs, which would be offset by electricity costs. Savings would not be generated against the budgeted cost of a vehicle itself, only the costs to operate it. Even if vehicle costs were allowed, many departments do not have annual budgeted amounts to purchase vehicles so there may be no consistent "savings" from budgeted amounts.

Thank you for your consideration of our comments.



Email: [communications@ulupono.com](mailto:communications@ulupono.com)

SENATE COMMITTEES ON ENERGY, ECONOMIC DEVELOPMENT, & TOURISM AND  
GOVERNMENT OPERATIONS

Tuesday, February 12, 2019 — 2:45 p.m. — Room 225

**Ulupono Initiative Strongly Supports SB 664, Relating to Contracting for Public Facilities**

Dear Chair Wakai, Vice Chair Taniguchi, Chair Thielen, Vice Chair Inouye, 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 produced food; increase affordable, clean, renewable energy; and better manage waste and fresh water resources. Ulupono believes that self-sufficiency is essential to our future prosperity and will help shape a future where economic progress and mission-focused impact can work hand in hand.

**Ulupono strongly supports SB 664**, which allows agencies to enter energy-performance contracts for vehicles, which will allow for the increased use of more efficient, cleaner forms of ground transportation in county fleets, ultimately reducing Hawai'i's dependence on imported fossil fuels.

In the past, implementing renewable energy and energy efficiency programs for buildings have lowered long-term costs for government buildings. Yet, these measures often require an upfront investment that pays for itself over time. Similarly, electric and more fuel-efficient vehicles can provide long-term savings even when accounting for a potential initial higher purchase price. Vehicles that use less gasoline also helps to reduce imported fossil fuels and carbon emissions that contribute to climate change. Allowing counties to access such options can help them meet clean transportation goals more effectively.

As Hawai'i's energy issues become increasingly complex and challenging, we appreciate this committee's efforts to look at policies that support clean ground transportation. Thank you for this opportunity to testify.

Respectfully,

Murray Clay  
Managing Partner

*Investing in a Sustainable Hawai'i*



49 South Hotel Street, Room 314 | Honolulu, HI 96813  
www.lwv-hawaii.com | 808.531.7448 | voters@lwv-hawaii.com

**COMMITTEE ON WATER AND LANDS**

Senator Kaiālī'i Kahele, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair

**COMMITTEE ON AGRICULTURE AND ENVIRONMENT**

Senator Mike Gabbard, Chair  
Senator Russell Ruderman, Vice Chair

Monday, February 11, 2019, 2:45 p.m., Conference Room 224

**SB664** – Relating to Climate Change

**SB828** – Relating to Coastal Erosion Adaptation Plan

**SB930** -- Relating to Climate Change

**SB944** – Relating to Climate Change

**SB393** – Relating to Coastal Zone Management

**SB1113** – Relating to Coastal Management

**TESTIMONY**

Nancy Davlantes, Legislative Committee Member, League of Women Voters of Hawaii

Chairs Kahele and Gabbard, Vice-Chairs Keith-Agaran and Ruderman, committee members:

**The League of Women Voters of Hawaii** echoes its testimony previously submitted to various House bills addressing the challenges taken up by the Senate in this hearing.

Hawaii's Climate Change Mitigation and Adaptation Commission, created by Act 32 in 2017, certainly has a lot on its plate, tasked in three of these bills to assist the state and counties with developing and implementing various sea level rise adaptation plans and climate change mitigation efforts; to prioritize nature-based solutions in its climate change mitigation and adaptation efforts and assess risk transfer market mechanisms that promote investments in nature to reduce the risks of climate change; and to determine areas in each county to designate for either armoring or managed retreat. Fortunately, these bills appropriate money, and it's going to take a lot of it.

If there's anything that stands out from a review of the objectives of each of these bills is that everything is inter-related. Climate change is all-encompassing: sea-level rise, coastal erosion, what to do about moving roads and property mauka of the ocean, preserving beach and access – these problems can't be confronted in isolation.

What is needed is an integrated approach to the significant challenges confronting our island state. The League is both gratified and impressed by the number of bills introduced this session by both the Senate and House, recognizing that delay in addressing these challenges is not an option.



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[www.lwv-hawaii.com](http://www.lwv-hawaii.com) | 808.531.7448 | [voters@lwv-hawaii.com](mailto:voters@lwv-hawaii.com)

Now comes the hard part—sifting through the myriad bills, recognizing the common goals, and putting the pieces of the puzzle together to come up with the legislation and the money to put Hawaii on the course it needs to be on to face what’s ahead of us.

It’s a daunting task, to say the least, but the very number of bills introduced indicates that the time to act is now.

Thank you for the opportunity to submit testimony.

**SB-664**

Submitted on: 2/11/2019 12:45:18 PM

Testimony for EET on 2/12/2019 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Terri Impson	Individual	Support	No

Comments:

If we would like to be a renewable state by 2045 I strongly support this bill to help power mass transport as a whole.

**SB-664**

Submitted on: 2/11/2019 1:12:20 PM

Testimony for EET on 2/12/2019 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Howard	Individual	Support	No

Comments:

I most strongly SUPPORT bill SB664. I am a retired highschool teacher (40 years Math and Computer Science) and have spent much of my life teaching young students how to prepare for their future. Today the future is renewable energy with hydrogen as a major component. I am currently looking into purchasing a Toyota Mirai, which is hydrogen powerd and for sale on Oahu now! There is current creditable evidence that the Big Island could easilly now become a net producer of totally green (wind, solar, geothermal) produced hydrogen for export to the rest of Hawaii and even to California (where they are using natural gas to manufacture their hydorgen!). Hence, Hawaii could become in the very near future a NET ENERGY EXPORTER rather than import oil for our electrical generation. The time is NOW to act, and Hawaii can lead the way!

**SB-664**

Submitted on: 2/11/2019 2:00:05 PM

Testimony for EET on 2/12/2019 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
David Donald	Individual	Support	No

Comments:

I strongly support SB664! As a retired corporate CEO and now a coffee farmer in Lalamilo Farm Lots on Hawai'i island, I strive each day to work and live as sustainably as possible. Burning fossil fuels to create our electricity is absurd. Hydrogen is the "Forever Fuel". It's only emission is water, which can be captured and have more hydrogen extracted from it! Climate change is a reality. 2045 may be too late! We must act now. We must be the leaders our children expect us to be. With abundant geothermal resources, Hawai'i Island can become a major hydrogen producer and net energy exporter. A plan already exists for five key positioned hydrogen fueling stations on Hawai'i Island that could provide the necessary support for our mass transportation system as well as personal transportation. Toyota Mirai is now available in Hawai'i and with two hydrogen stations already on the West side of Hawai'i Island, purchasing one becomes closer to a reality. By far the safest, most efficient and cleanest fuel available, now is the time to act on hydrogen and once and for all create a Zero Emissions Energy System, powering our mass transportation, farm machinery, personal transportation and supporting our electrical grid. Thank you.



**SB-664**

Submitted on: 2/12/2019 4:57:06 AM

Testimony for EET on 2/12/2019 2:45:00 PM



Submitted By	Organization	Testifier Position	Present at Hearing
Ron Whitmore	Testifying for Dept of Research & Development, Hawaii County	Support	No

Comments:

Mahalo for the opportunity to submit testimony for SB 664. The County of Hawaii Department of Research and Development is in strong support of this bill.

HRS 36-41 in its current form has assisted government agencies over the years to reduce carbon emissions, lower energy costs, and benefit taxpayers across the state. The County of Hawaii has initiated several programs to reduce its carbon emissions in the transportation sector. By including 'vehicles' in HRS 36-41, the County would be able to extend the benefits of this successful program to innovations in the transportation sector that result in more efficiencies and lower emissions and costs.

Mahalo for the opportunity to testify.