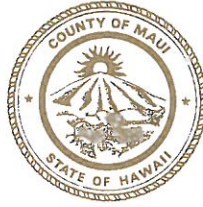


ALAN M. ARAKAWA  
MAYOR



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## OFFICE OF THE MAYOR

Ke'ena O Ka Meia  
COUNTY OF MAUI – Kalana O Maui

# TESTIMONY OF ALAN ARAKAWA, MAYOR COUNTY OF MAUI

BEFORE THE SENATE COMMITTEE ON WAYS & MEANS

Monday, March 30, 2015  
9:00 a.m.  
Conference Room 211

## HB 139, HD1, SD1, RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST ANAERGIA INC.

Honorable Sen. Jill N. Tokuda, Chair  
Honorable Sen. Ronald D. Kouchi, Vice Chair  
Honorable Members of the Senate Committee on Ways & Means

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Thank you for this opportunity to testify in **STRONG SUPPORT** of **HB 139, HD1, SD1**, which authorizes the issuance of special purpose revenue bonds to assist Anaergia Inc. (“Anaergia”) with the development of facilities for renewable non-fossil fuel production on Maui.

### **Anaergia is developing two projects on Maui**

1. The County of Maui has contracted Anaergia to create the Maui Resource Recovery Facility (MRRF) Project, which will maximize resource recovery from a diverse range of waste streams, increase recovery of recyclable materials and produce renewable fuels. This unique public-private partnership will increase diversion of the current waste stream, lengthening the life of the County of Maui owned and operated Central Maui Landfill.
2. Anaergia is also developing the Maui Energy Park Project. This project will revitalize fallow agricultural lands in West Maui to grow an energy crop, while utilizing R-1 water for irrigation. This project will also produce renewable fuel.

### **The Benefits to the State and County**

Both projects will utilize anaerobic digestion, a well proven technology, create permanent jobs, and keep millions of dollars from leaving the state through fossil

fuel purchase. They will also allow an increase in firm renewable energy production on Maui, thus reducing the need to import fossil fuel into Hawai`i while promoting long-term energy security and energy cost stability.

Additionally, both projects will create a number of environmental and economic benefits for the County and State including the following:

- Increasing the recovery of recyclable materials by at least 10 times.
- Reducing up to 200,000 tons per year of greenhouse gas emissions.
- Prolonging the life of the landfill by up to four times by increasing landfill diversion rate up to 80%.
- Diverting approximately 2.5 million gallons per day of R-1 recycled water, which will reduce or eliminate the use of injections wells in West Maui.
- Returning approximately 1,800 acres of fallow agricultural land to productive use and reducing soil erosion and wind-blown dust.
- The projects combined production of renewable energy and fuels for use in local communities will help reduce the State's reliance upon imported fossil fuels (i.e. eliminate millions of gallons of diesel imports per year.)
- The two projects represent an initial private capital investment of \$150 million which will provide a boost to Maui's economy while creating revenue at the State level.
- Combined the projects will create hundreds of construction jobs and dozens of permanent jobs.

Moreover, through the use of special purpose revenue bonds as a means of funding these projects, Anaergia should be able to provide the above-mentioned benefits with no investment or operational financial risk to the State or County.

For these reasons, I believe these projects are in the best interest of the public and I strongly support HB 139, HD1, SD1.

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
HOUSE BILL NO. 139, H.D. 1, S.D.1

MARCH 30, 2015  
9:00 A.M.

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

House Bill No. 139, H.D. 1, 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 production on Maui pursuant to Part V, Chapter 39A, Hawaii Revised Statutes.

The Department is providing comments only to advise the Legislature and prospective SPRB parties that should the legislation be approved, approval of SPRB issuance will require further discussion and satisfactory credit underwriting review of the financing components with respect to any proposed financing.

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

**HB139**

Submitted on: 3/28/2015

Testimony for WAM on Mar 30, 2015 09:00AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Joseph D Pluta	WEST MAUI TAXPAYERS ASSOCIATION INC.	Support	No

Comments: Joseph D Pluta, Vice President-Treasurer, West Maui Taxpayers Association Inc. Support YES Comments: I am testifying is Strong Support of this Bill. Approving the Issuance of Special Purpose Revenue Bonds for Anaergia and their prudent plans for converting waste to energy has bonafide environmental benefits and Economic Benefits that are extraordinary and remarkable. This Bill sets the stage for millions of dollars in cost savings for the County of Maui and at the same time will generate millions of new sorely needed revenues for the State of Hawaii in GET and Income Taxes. Please Approve this Bill as it is surely in the best interest of the people of the State of Hawaii. The Entire Board of Directors of the West Maui Taxpayers Association Unanimously Supports this Bill and Urges you to Pass it without delay! Malama Pono ame Mahalo, Joseph D Pluta, President Emeritus, West Maui Taxpayers Association Inc., President West Maui Improvement Foundation Inc. and West Maui Resident 36 years.

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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## MEMORANDUM

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**TO:** SENATE COMMITTEE ON WAYS AND MEANS  
SEN. JILL N. TOKUDA, CHAIR  
SEN. RONALD D. KOUCHI, VICE CHAIR

**FROM:** KARL BOSSERT, DIRECTOR OF BUSINESS DEVELOPMENT - PACIFIC

**SUBJECT:** HB139 SD1 RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST ANAERGIA INC.

**POSITION:** SUPPORT

**DATE:** MARCH 28, 2015

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Anaergia Services, LLC (Anaergia) would like to thank Chair Tokuda, Vice Chair Kouchi, and the Senate Committee on Ways and Means as a whole, for taking the time to discuss the House Bill HB139, which has crossed over to the Senate. The following is testimony providing the committee with an overview of the projects covered by this bill.

This bill relates to the potential issuance of Special Purpose Revenue Bonds to assist Anaergia in the development of renewable fuels and/or energy projects on Maui. The bonds will be sold to private investors and will not be backed by the State of Hawaii or the County of Maui.

Anaergia is a worldwide expert in resource recovery, most notably through anaerobic digestion. The company has a 20 year track record and proven technology with a number of in-house patents and hundreds of projects to date. Because of Hawaii's physical isolation and high cost of energy, Anaergia feels Hawaii is an excellent candidate for anaerobic digestion, and is currently engaged in developing two projects on Maui using this technology.

### **Maui Resource Recovery Facility**

The first project is called the Maui Resource Recovery Facility (MRRF). Under a 20 year contract from the County of Maui, the facility will take municipal waste, currently going into the Maui County landfill, and significantly increase the recovery of recyclable materials from that waste. We believe that Anaergia's efforts will not negatively affect any recyclers currently in operation, and in fact may allow for expanded opportunities for these firms.

The remaining materials will be processed to create renewable natural biogas, through anaerobic digestion. The renewable biogas can be used for power generation, household and commercial (heating/cooling) and transportation. Only about 15% of the

incoming municipal waste is expected end up in the landfill at the end of the process, lengthening the life of the landfill.

Anaergia’s vision for this project is to set the benchmark for how municipal waste is dealt with in Hawaii and the rest of the world. The future of waste management is to increase recyclable recovery, produce renewable fuels from the balance, and reduce the amount of landfilled materials to the maximum extent possible. This will be accomplished while providing an opportunity for the County to save money in landfill operating costs and by deferring large capital investments for landfill expansions far into the future.

### **Maui Energy Park**

The second project is called the Maui Energy Park (MEP). This project is located in West Maui, where the plan is to grow an energy crop and process it into renewable natural biogas through anaerobic digestion. This project will revitalize up to 1,800 acres of high quality agricultural lands left fallow after the demise of sugar cane and pineapple in West Maui. MEP will use recycled water for the majority of its irrigation needs, allowing the nutrients in this water to be returned to the soil. The renewable natural biogas can be used for power generation, household and commercial (heating/cooling) and transportation.

Anaergia sees the MEP as a model approach for putting agricultural lands back into productive use across the state. The anaerobic digestion process is an efficient way to make renewable biogas with energy recovery several times higher than other processes.

Both projects provide a number of environmental and socio-economic benefits to the state, county and residents of the state of Hawaii. These include reduced materials going in the landfill, putting fallow Ag lands back into production, and creating renewable fuels which will provide energy cost stability and security for the state. These projects will create hundreds of short-term construction and long-term farming and operational jobs, thereby keeping millions of dollars a year in the State’s economy.

Anaergia is seeking up to \$90 million in special purpose revenue bonds to support these two projects. These bonds will provide low-cost financing to offset the high cost of shipping materials and constructing these facilities in Maui. Anaergia has a long-term vision for Hawaii and believes that these projects can be duplicated on other islands to benefit the environment, the economy and Hawaii’s residents. Subsequent projects will enjoy learning curves and possible economies of scale, making those projects less reliant on special purpose revenue bonds in the future.

The following page shows a summary of environmental as well as socio-economic benefits for both projects.

Anaergia would again like to thank the Committee for its time on this matter and stands ready to address any questions you may have during the hearing.

**Environmental and Socio-Economic Benefits from Proposed Projects**

<b>Project Benefits</b>	<b>Project</b>
Increase recyclable material recovery approximately ten-fold	MRRF
Increase landfill diversion from a current level 43% to >75%	MRRF
Increase municipal solid waste diversion from a current up to 85%, increase the life of the central Maui landfill	MRRF
Revitalize up to 1,800 acres of ag land, reducing soil erosion and dust problems	MEP
Help in the use of approximately 2.5 million gallons per day of recycled water in W. Maui	MEP
Create approximately 200 construction jobs	MRRF and MEP combined
Create approximately 60 permanent jobs	MRRF and MEP combined
Replace the equivalent of almost 3,000,000 of gasoline per year by creating renewable natural biogas	MRRF and MEP combined
Increase energy cost stability and security	MRRF and MEP combined
Preserve open space through reduced need to expand the landfill and by keeping ag land in production	MRRF and MEP combined
Provide over \$150 million of capital investment into the state	MRRF and MEP combined
Provide approximately \$12 million per year of ongoing expenditures in Maui	MRRF and MEP combined



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

SENATE COMMITTEE ON WAYS & MEANS  
Monday, March 30, 2015 — 9:00 a.m. — Room 211

**Ulupono Initiative Strongly Supports HB 139 HD 1 SD 1, Relating to the Issuance of Special Purpose Revenue Bonds to Assist Anaergia Inc.**

Dear Chair Tokuda, Vice Chair Kouchi, 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 company 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 clean, renewable energy, and waste reduction. We believe 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 HB 139 HD 1 SD 1**, which authorizes the issuance of special purpose revenue bonds to assist Anaergia Inc. Ulupono's waste mission is to minimize the amount of waste going into the landfill. Maui has an urgent need for a waste solution, as ~36% of the waste currently is going to the landfill. Meanwhile, relative to the neighbor islands, O'ahu has the greatest percentage of waste diversion - ~74% - 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. Anaergia's project can help change that.

Anaergia's materials recovery facility and anaerobic digestion process will make a significant impact in extending the life of the landfill and contribute to the renewable energy mix of Hawai'i. This project was selected by the County of Maui as the best overall technology package to meet its needs in a competitive request for proposal. The special purpose revenue bond will help lower the overall cost of the project and make waste management more affordable for all members of the Maui community.

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.

*Investing in a Sustainable Hawai'i*



Therefore, we believe the Committee should find that this project is in the public interest and support the special purpose revenue bond.

As Hawai'i's energy issues become more complex and challenging, we appreciate this committee's efforts to look at policies that support renewable energy production.

Thank you for this opportunity to testify.

Respectfully,

Murray Clay  
Managing Partner

**HB139**

Submitted on: 3/28/2015

Testimony for WAM on Mar 30, 2015 09:00AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
erin randle	Individual	Comments Only	No

Comments: Senator Tokuda and Ways and Means Committee Members, I am in support of HB139. We were residents of Maui for over 20 years. We now live on Oahu. The main reason we moved was the cost of living and lack of good paying jobs on Maui. One of my friends told me that there is a company that wants to invest \$150 million in Maui to make green energy. I fully support this type of thinking, not only for Maui, but all over the state. I did some research and found Anaergia's plan includes processing rubbish and growing energy crops. I knew a number of people who lost their jobs when Maui Pineapple Company went out of business. I also watched the West Maui hillsides turn brown over the years. Putting farmlands and farmers back to work should be a focus of state and local government. What a great opportunity to do that and reduce importing fossil fuels. Please vote yes on HB139! Mahalo, Erin and Rush Randle

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**HB139**

Submitted on: 3/29/2015

Testimony for WAM on Mar 30, 2015 09:00AM in Conference Room 211

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

Comments:

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