

Testimony on HB 2169 - K DFA Financing Option - Senate Commerce Committee 3/6/07

Mr. Chairman, Members of the Committee: On December 20, 2006, the Chairman of the House Energy & Utilities Committee, the Chairman of the Senate Utilities Committee, and I met with Ft. Riley's Commanding General, Installation Commander, and staff on the following topic:

How the State and Dept. of Defense can best partner to help Ft. Riley, Ft. Leavenworth, and McConnell Airbase meet requirements of the Federal Energy Act of 2005 for: a) investments in energy conservation and efficiency, and b) to use renewable energy. Both requirements also were included in Executive Orders issued by Presidents Clinton and Bush.

The three legislators reported on the State's program by which the Kansas Development Finance Authority (K DFA) sells bonds for agencies to purchase energy saving equipment and technologies with the guaranteed savings in utility bills used to pay-off the bonds (FCIP program administered by the Kansas Corporation Commission).

The Commanding General, General Carter Ham, indicated that he is very interested in pursuing the proposed partnership, but is limited in his ability to take such actions. However, after discussing the state's programs, he committed to arranging a meeting with the Installation Management Command Staff (IMCS) to develop the support within the Pentagon necessary to pursue the expanded partnerships with Kansas.

Following the meeting with the Ft. Riley Command Staff, K DFA staff were consulted and invited to help craft responsible, progressive legislation. Ms. Rebecca Floyd will talk about the bill in its entirety, my testimony will focus on the issue that initiated the bill. HB 2169 is permissive in that the K DFA is authorized to sell bonds on behalf of federal agencies. Please note that the State of Kansas does not incur any indebtedness or obligation to repay the bonds. We act as an agent only between purchasers of the bonds and the agency responsible for repayment. General Ham is very interested in this program because he does not have the capitol budget to make the required improvements in energy use, but can use his existing utility budget to repay the bonds.

Because General Ham does not have approval from the Installation Management Command Staff to participate in such a program, no one from Ft. Riley may testify. Because of the short duration of the Kansas Legislative Session, the bill was introduced and is being pursued so that when he receives permission, the partnership discussions can proceed. The U.S. Army's Central

Region Environment Office staff (CREO) have received permission from the Pentagon to offer testimony in support of HB 2169.

Please remember that the legislation is permissive, if the military facilities choose not to use the opportunity, nothing happens. If KDFA and the energy auditors during their due diligence find that the risks or benefits are inappropriate, nothing happens. And, finally, that the State of Kansas incurs no risk or financial obligation if the military and KDFA actually partner.

Before responding to questions, I wish to leave you with one final thought. All of the military facilities in Kansas have survived two BRAC (base reduction and closure) rounds. There will be more closings in the future. A financial partnership between the State of Kansas and Ft. Riley would be the first of its kind in the country; it would not only set a precedent, but would commit Ft. Riley to remain open and growing for at least the length of the bond repayment schedule.

I have discussed this legislation with Lt. Governor Parkinson and the Administration is supportive of enhancing the mutually beneficial partnership between the Dept. of Defense facilities and the State of Kansas.

I ask you to support HB 2169. Thank you for your attention and I will be pleased to respond to questions.