



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Higher Education
on
March 18, 2008 at 2:30 p.m.

by
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HCR 312/SR 260 – Urging the University of Hawai'i to Extend its Land Lease with the High Technology Development Corporation to Continue to Operate the Mānoa Innovation Center

Chair Chang, Vice Chair Bertram and Members of the Committee:

The University of Hawaii provides the following comments on HCR 312 and HR260, which urge the University to extend our current lease with the High Technology Development Corporation (HTDC) for the Mānoa Innovation Center.

The University and HTDC entered into a 25-year lease in good faith in 1990. There are now 7 years left on this lease, which is not an unreasonable amount of time for HTDC to identify and secure a new location, particularly if the Legislature is supportive.

The University notes that our extramural research and training enterprise grew to over \$400 million dollars in 2007, which constitutes a substantial part of our contribution of over \$1.6 billion dollars a year to Hawai'i's economy. Supporting this growth in extramural research has created grave pressure on the University for additional space in close proximity to the UH-Mānoa campus.

For several years HTDC has been seeking other locations to which it could relocate. The fact that none of these initiatives have yet been successful is not a reasonable basis for the premature extension of the current lease.

The University supports the mission of HTDC and looks forward to assisting, as appropriate, in identifying and securing a new long-term home for HTDC. Possibilities include both Kakaako and West O'ahu. HTDC could also play a key role in the development of a Tech Park on O'ahu, as the Legislature is currently considering.

In addition, the University believes that if the Legislature finds the HTDC mission to be worth substantial public support, then the Legislature should consider appropriating funds accordingly rather than ask HTDC to rely on the revenues it receives through leases of the current facilities it manages.

The University is willing to play a supportive role in helping HTDC find a new home by 2015, and respectfully requests that the subject resolutions be deferred.

2 Bedroom Suite Kitchenette

Room rates do not include room service, restaurant meals, telephone calls, other guest services and incidentals, parking, taxes, or gratuities.

Family Plan:

No additional charge for children 17 years and younger sharing accommodations with parents in existing beds. No additional charge for children up to two years in crib.

Additional Persons:

30 USD per night will be charged for each additional person 18 years.

Room Capacity:

Maximum room capacities are as follows:

Standard -- 3 persons

Kitchenette -- 4 persons

City View Kitchenette -- 4 persons

1 Bedroom Suite Kitchenette -- 3 persons

Kitchenette Combo - 6 persons

2 Bed room Suite Kitchenette - 6 persons

Taxes:

Rates do not include 4.712% Hawaii State General Excise Tax and 7.25% Hawaii Transient Accommodations Tax. Taxes will be added to total charges at check-out. Tax rates are subject to change without notice and any increases will be passed on to the guest.

Reservation Guarantee:

Reservations are guaranteed with a valid credit card. Please note that a credit card used to guarantee a reservation is not charged until check-out. Credit cards accepted: Visa, MasterCard, American Express, Discover, Diners Club, JCB.

First night room rate cash deposit is required within 10 days of booking if not using a credit card.

Reservation will be cancelled if cash deposit is not received within this time.

Cancellation Policy:

Reservations must be cancelled three days or more prior to arrival to avoid a cancellation charge of the first night room rate.

Holiday Deposit and Cancellation Policy:

Reservations must be cancelled 15 days or more prior to arrival for full refund of the deposit. Any reservation not secured with a cash deposit or credit card guarantee is subject to cancellation without notice.

Check-in/Check-out:

Check-in 3 pm

Check-out 12 noon

Late check-out is subject to charge.

Reservation policies are subject to change without notice.

Map & Directions

Location

Located on Kuhio Avenue between Nahua Street and Walina Street

10-minute walk to Waikiki Beach, International Market Place and Kalakaua Avenue

1/4 mile to Kapiolani Park, Honolulu Zoo, Waikiki Aquarium

4 miles to Downtown Honolulu

9 miles to Honolulu International Airport

Honolulu International Airport to OHANA Waikiki West via H1 FREEWAY

- From airport arrival terminal exit toward WAIKIKI/HONOLULU.
- Go up the ramp and stay to RIGHT going east toward WAIKIKI/HONOLULU for 1 mile/1.61 km to H1 Freeway.
- Merge onto H1 east.
- Get into LEFT lane and continue on H1 east for .8 miles/1.29 km going toward HONOLULU. Freeway will begin to veer to the LEFT.
- Take exit 23 to PUNAHOU ST and get into RIGHT lane, turning RIGHT onto PUNAHOU ST.
- NOTE: Kapiolani Women and Children's Hospital straight ahead.
- Go south on PUNAHOU ST for one block (.07 miles/.11 km).
- Turn RIGHT onto SOUTH BERATANIA ST and travel for one block (.06 miles/ .09 km)
- Get into the LEFT lane and make LEFT at first traffic signal onto KALAKAUA AVE.
- Continue on KALAKAUA AVE in the left lane and branch LEFT onto KUHIO AVE.
- Continue on KUHIO AVE then turn LEFT onto NAHUA ST.
- OHANA Waikiki West parking entrance is on the RIGHT.

Honolulu International Airport to OHANA Waikiki West via NIMITZ HIGHWAY

- From airport arrival terminal exit toward WAIKIKI/HONOLULU.
- Go up the ramp and stay to the RIGHT going EAST toward WAIKIKI/HONOLULU for 1 miles/1.61 km to H1 Freeway.
- Merge onto H1 east.
- Stay in RIGHT lane and follow signs toward WAIKIKI/NIMITZ HWY.
- Follow NIMITZ HWY for 6.4 miles/10.29 km and stay in RIGHT lane as NIMITZ HWY/ALA MOANA BLVD veers to the RIGHT and becomes KALAKAUA AVE.
- NOTE: Local Motion Surf store will be to left. Continue on KALAKAUA AVE in the left lane and branch LEFT onto KUHIO AVE.
- Continue on KUHIO AVE then turn LEFT onto NAHUA ST.
- OHANA Waikiki West parking entrance is on the RIGHT.

OHANA Waikiki West to Honolulu International Airport via H1 FREEWAY

- Exiting parking garage, turn RIGHT onto NAHUA ST.
- Turn LEFT onto ALA WAI BLVD.
- Turn LEFT onto NOHONANI PL.
- Turn LEFT onto KUHIO AVE and continue until it intersects KAPAHULU AVE.
- Turn LEFT onto KAPAHULU AVE.
- Continue north on KAPAHULU AVE for 1.45 miles/ 2.33 km or for 8 traffic signals and then under the freeway as road veers to the LEFT.

- Stay in CENTER lane as KAPAHULU AVE goes under H-1 freeway for .35 miles/.56 km. Center lane becomes on-ramp to H1 west.
- Merge onto H-1 west.
- Stay in RIGHT lane on freeway for 7.4 miles/11.91 km and follow H1 WEST/AIRPORT/PEARL HARBOR/HICKAM AFB sign.
- Continue west on H1 for 6.5 miles/1.05 km and get into the RIGHT lane which becomes exit 16 AIRPORT.
- Follow airport signs to departure gates.

OHANA Waikiki West to Honolulu International Airport via NIMITZ HIGHWAY

- Exiting parking garage, turn RIGHT onto NAHUA ST.
- Turn LEFT onto ALA WAI BLVD.
- Turn LEFT onto NIU ST.
- Continue straight ahead onto ALA MOANA BLVD/NIMITZ HWY and travel for 6.34 miles/10.2 km.
- Stay in RIGHT lane on highway and follow H1 WEST/AIRPORT/PEARL HARBOR/HICKAM AFB sign.
- Continue west on H1 for .65 miles/ 1.05 km and get into the right lane, which becomes exit 16 AIRPORT.
- Follow airport signs to desired departure gates.

Reservation Assistance

OHANA Hotels & Resorts Reservations
Email: reservations@ohanahotels.com
Toll-Free U.S., Canada, Guam: 1-800-462-6262
Worldwide Direct: 303-369-7777
Worldwide Fax: 303-369-9403

View, Modify or Cancel Reservation
Please [click](#) to view, modify or cancel your reservation.

Thank you for choosing OHANA Hotels & Resorts. We look forward to your stay with us!

Statement of
YUKA NAGASHIMA
Executive Director & CEO
High Technology Development Corporation
before the
HOUSE COMMITTEES ON HIGHER EDUCATION
AND
EDUCATION

Tuesday March 18, 2008
2:30 PM
State Capitol, Conference Room 309

In consideration of
**HCR 312/HR 260 URGING THE UNIVERSITY OF HAWAII TO EXTEND ITS LAND
LEASE WITH THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION TO
CONTINUE TO OPERATE THE MANOA INNOVATION CENTER.**

Chairs Chang and Takumi, Vice Chairs Bertram and Berg, and Members of the House
Committees on Higher Education and Education:

The High Technology Development Corporation strongly supports House Concurrent
Resolution 312 and House Resolution 260 which urge the University of Hawaii at Manoa to
extend the High Technology Development Corporation's land lease for the Manoa Innovation
Center (MIC) located at 2800 Woodlawn Drive and adjacent to the university's Manoa Campus
for a period of time necessary to find and replace or develop and construct a new facility in
Manoa to continue the programs and operations of HTDC and the Manoa Innovation Center.

The following summarizes the importance of this situation:

- (1) The land lease from the university to HTDC ends 7 years from April of this year. It took approximately five (5) years to receive all the funding to plan, design, construct, and equip the MIC in the early 1990's using state capital improvement program funding. Typically new state facilities take a minimum of 3-5 years from planning to occupancy.
- (2) Changes in the federal tax laws since MIC was built significantly restrict the amount of funds states can use to finance facilities defined by federal law as containing private activity or entities. Therefore, economic development projects such as MIC (a technology-based economic

development project) are difficult to develop unless other sources of funds are available. Private funded projects are possible, but certainly at a cost to the state. And, when the total cost is evaluated a better solution is for the state to own the facility. Potential exchanges of state land and other combinations with private sector land owners are also possible, but will require state land and financing which is not currently available.

(3) Manoa Innovation Center is the only technology incubator and innovation center on Island of Oahu. Big Island has two technology projects –University of Hawaii at Hilo research campus and the NELHA, in Kihei there is the Maui Research & Technology Center within the Maui Research & Technology Park, Kauai has Waimea Techno-Tourism Center, but Oahu does not. The Mililani Technology Park financing structure of selling off fee simple lots is not conducive to developing a technology industry, and as such, should not be considered a technology park.

(4) The close proximity to the University of Hawaii's Manoa Campus ties higher education, research, and technology commercialization which then spurs more growth in all areas. The needs of companies developing technologies today will encourage students to learn and engage in research and development. This circle of higher education-research and development-technology commercialization-startup companies is key to our success. Close proximity of these sectors is the best way to ensure our long term vision of a healthy and vibrant community and economy.

(5) Unlike other states with technology-based economic development programs, the High Technology Development Corporation is dependent on the revenues of the Manoa Innovation Center to fund its statewide programs and half of the salaries and benefits of its staff. Like other states, originally HTDC staff and benefits were funded out of the general revenues of the state. Should the land lease expire, HTDC would be forced to cut its programs and half of its staff. However, without the revenues from Manoa Innovation Center which is also home to HTDC's corporate office, we would do less and require less staff.

(6) Probably the most important reason is the loss of an economic development engine that has been home to Hawaii's successful companies such as Digital Island, Blue Lava Wireless, Hoku Scientific and many more. Since 1993 over a hundred companies have been incubated and of these over 80 percent are either continuing operations, spun-off new companies, acquired or merged operations. As you know, incubators help startup companies by providing an

entrepreneurial environment to grow and meet their business development needs while developing their technologies.

There are many national and international studies that support the need for technology projects and parks to contribute to economic competitiveness of regions, states and nations. To quote:

- "A survey of 134 university research parks in the United States and Canada revealed that: More than 300,000 workers in North America work are located in a university research park. Every job in a research park generates an average of 2.57 jobs in the economy resulting in a total employment impact of more than 750,000 jobs."
- "A new model is emerging," said Walter H. Plosila, Vice-President, Battelle TPP. "What we're seeing are strategically planned, mixed-use campuses designed to create an environment that fosters collaboration and innovation and promotes the development, transfer and commercialization of technology," he said. Research parks have become a key element of the technology infrastructure supporting the growth of today's knowledge economy."
- "Research parks are key drivers of regional development," said J. Michael Bowman, President of the AURP Board of Directors and Chairman & President, Delaware Technology Park. Research parks were traditionally established to recruit R&D and technology companies to locate near a university in order to build a cluster of high technology companies.
- "Research and technology parks have exhibited a strong ability to attract and retain talent, which in turn, allows us to create a critical mass that can yield high economic opportunities for our regions," said Dale Gann, President of AURP Canada and Vice President-Technology Parks, Vancouver Island Technology Park.

Today, research parks increasingly spur homegrown business startups, retention and expansion with a focus on providing commercialization and business development support in addition to space for talent retention and innovation infrastructure. Technology parks are emerging as strong sources of entrepreneurship, talent and economic competitiveness. Central to research parks are research universities, incubators and innovation centers with companies commercializing technologies. Further, with the increase in the research and development funding the University of Hawaii is now commanding the pressure to improve its research dollars to commercialization opportunities also increases. HTDC's role is now more significant to bridge the university commercialization process to industry to realize a truly diversified economy for the State of Hawaii.

Thank you for the opportunity to submit testimony in strong support of HCR 312 and HR
260.