



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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GOVERNOR

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Statement of
RICHARD C. LIM
Director

Department of Business, Economic Development, and Tourism
HOUSE COMMITTEE ON ECONOMIC REVITALIZATION & BUSINESS

Thursday, March 15, 2012

9:45 AM

State Capitol, Conference Room 312

In consideration of

SB 2236 PROPOSED HD1 RELATING TO INFORMATION TECHNOLOGY.

Chair McKelvey, Vice Chair Choy, and Members of the House Committee on Economic Revitalization & Business:

The Department of Business, Economic Development and Tourism ("DBEDT") **supports SB 2236 PROPOSED HD1** authorizing the issuance of Special Purpose Revenue Bonds (SPRB) to Clearcom, Inc. to support broadband infrastructure development.

In leading the Hawaii Broadband Initiative ("HBI"), DBEDT is highly supportive of private initiatives that increase the availability of broadband across the State. Furthermore, DBEDT recognizes that Clearcom, Inc., has obtained, through an auction in 2002, an exclusive license with Honolulu's Board of Water Supply to lease all of its abandoned water mains for the purpose of deploying broadband infrastructure. They also support, through their sister company Sandwich Isle Communications, fiber lines out to rural areas on the neighbor islands. Clearcom's stated broadband expansion efforts are well aligned with HBI's goals to provide affordable high speed communications throughout the State by 2018.

We respectfully request correction of the defective effective date and assure clear passage of this bill. Thank you for the opportunity to submit testimony on this bill.

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ClearCom, Inc.

A WAIMANA COMPANY

1003 Bishop Street, Suite 2750
Honolulu, HI 96813
Ph: 808-599-4441 Fax: 808-599-4653

**Testimony of Albert S.N. Hee to
The House
Committee on Economic Revitalization and Business on
March 15, 2012**

SB 2236, Proposed HD 1 Relating to Information Technology

Chair McKelvey, Vice Chair Choy, and members, thank you for the opportunity to appear before you today.

My name is Al Hee. I am President of ClearCom, Inc. We are in strong support of SB2236, Proposed HD 1, which would provide Special Purpose Revenue Bond funds to develop critical broadband infrastructure in Hawaii.

Established in 1997, ClearCom is a Competitive Local Exchange Carrier licensed to provide telecommunication and broadband services throughout the state of Hawaii. As a local, native Hawaiian company, ClearCom has access to its sister company, Sandwich Isles Communications', 348 miles of undersea and 138 miles of terrestrial fiber optic cable that connects and serves the islands of Kauai, Oahu, Molokai, Maui, and Hawaii. Installed in 2009, the pure silica fiber offers virtually unlimited capacity to meet all bandwidth requirements now and into the future. ClearCom has operated in the islands for more than a decade, gaining valuable experience in utility operations and infrastructure installations. As the general

contractor, ClearCom completed the largest undersea fiber optic project in the State, managing complex environmental and cultural challenges. ClearCom led a team of local, national and international companies to successfully complete the historic project under budget and ahead of schedule.

Furthermore, ClearCom has exclusive access to all abandoned water mains on Oahu. Development of buried fiber optic facilities utilizing ClearCom's abandoned water mains would help achieve the State's broadband goals quickly and economically. Compared to aerial cables, underground cables are protected from weather related risks, accidental damage, and are aesthetically pleasing, eliminating unsightly overhead wires. The use of abandoned water mains is a proven way to facilitate cost-efficient and rapid deployment of buried fiber optic infrastructure, while minimizing the unavoidable traffic impacts that plague traditional underground construction methods, especially in the urban core. Moreover, pursuant to Act 151, effective January 1, 2012, actions relating to the installation, improvement, construction, or development of infrastructure relating to broadband service or broadband technology, including the interconnection of telecommunications cables, shall be exempt from county permitting requirements, state permitting and approval requirements.

ClearCom embarked on this ambitious project by working collaboratively with Hawaii's other telecommunications carriers, namely, Hawaiian Telcom (HT), Oceanic Time Warner Cable, and TW Telecom. The idea was to come together as a consortium and build shared infrastructure that would bring much needed capacity into Honolulu's urban core. The project would have been an underground fiber optic loop from Pearl Harbor to Waikiki and back. Building this network as a consortium would have meant cost savings for each carrier, resulting in cost

savings for consumers. All parties agreed it was a worthwhile project to pursue, however, due to corporate restrictions the other carriers, were unable to commit at this time. Meanwhile, HT and Oceanic remains interested in redirecting some funds for an aerial fiber optic segment between Volcano and Pahala on the Big Island of Hawaii. ClearCom decided to move forward and remains open to working with the other carriers, at any time. To ensure the network would be financially viable, after the other carriers bowed out, ClearCom changed the scope of the project to ensure Honolulu's business district; military installations; medical facilities; federal, state, and county government offices; and schools could benefit from the broadband network. Our revised route takes state-of-the-art fiber optic infrastructure past Pearl Harbor, Schofield Barracks, Fort Shafter, Camp Smith, Wheeler, Kaneohe Marine Corps Air Station, National Guard and state civil defense facilities, as well as more than 60 schools, and right through the heart of downtown Honolulu.

The approval of this legislation will allow ClearCom adequate time to fulfill all the requirements necessary prior to issuance of the bond and secure sufficient commitments to make this broadband infrastructure a reality. I believe that this broadband project will enable access to affordable ultra high-speed Internet which is essential to build a vibrant and sustainable economy and workforce in Hawaii and improve the quality of life for residents. I urge your support of this bill.

At this time, I would be happy to answer any questions the Committee may have.

SB 2236 (PROPOSED HD1)

RELATING TO INFORMATION TECHNOLOGY

**KEN HIRAKI
VICE PRESIDENT-GOVERNMENT AND COMMUNITY AFFAIRS**

HAWAIIAN TELCOM

March 15, 2012

Chair McKelvey and members of the Committee:

I am Ken Hiraki, providing comments on behalf of Hawaiian Telcom on SB 2236 (proposed HD1).

While we support the overall objective of improving Hawaii's broadband infrastructure, we are unable to provide detailed comments at this time because the bill's language is vague and does not disclose specific material information that lawmakers should require be made public such as the location, cost and the type of broadband projects envisioned by Clearcom, Inc.

If it is the intent of this measure is to merely fund duplicative broadband improvements in urban areas that are already more than adequately served by multiple service providers then we would question whether there is a need for governmental support for such a project. Conversely, if the intent of this bill is to provide improved broadband services to areas currently underserved (especially on the neighbor islands) then we would agree there exists a greater public purpose and greater need for governmental support. Unless additional information is provided, our company cannot make a determination whether or not to support this measure at this time.

Thank you for the opportunity to provide some comments.

Written Statement of
YUKA NAGASHIMA
Executive Director & CEO
High Technology Development Corporation
before the
HOUSE COMMITTEE ON ECONOMIC REVITALIZATION & BUSINESS
Thursday, March 15, 2012
9:45 AM
State Capitol, Conference Room 312
In consideration of
SB 2236 PROPOSED HD1 RELATING TO INFORMATION TECHNOLOGY.

Chair McKelvey, Vice Chair Choy, and Members of the House Committee on Economic Revitalization & Business:

The High Technology Development Corporation (HTDC) **supports SB 2236 PROPOSED HD1** authorizing the issuance of Special Purpose Revenue Bonds (SPRB) to Clearcom, Inc. for the purpose of broadband infrastructure development. HTDC is supportive of private initiatives that assist in increasing the availability of broadband across the state.

We respectfully request correction of the defective effective date and assure clear passage of this bill. Thank you for the opportunity to submit testimony on this bill.



STATE OF HAWAII
OFFICE OF INFORMATION MANAGEMENT & TECHNOLOGY
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

TESTIMONY OF
SANJEEV "SONNY" BHAGOWALIA, CHIEF INFORMATION OFFICER
TO THE HOUSE COMMITTEE ON
ECONOMIC REVITALIZATION & BUSINESS
Tuesday, March 13, 2012, 8:30 a.m.
State Capitol, Conference Room 312

S.B. 2236

RELATING TO INFORMATION TECHNOLOGY

Chair McKelvey, Vice Chair Choy, and members of the committee, thank you for the opportunity to testify on S.B. 2236.

The Office of Information Management and Technology strongly supports and recommends passage of S.B. 2236.

The proposed bill provides additional specificity to the number of members to be selected by the speaker of the house and the senate president to the information technology steering committee. It will provide for the chief information officer to also select the same number of members, which is not currently allowed. Each would be allowed to select four (4) members to the information technology steering committee. As the chief information officer serves as the chair, the committee will consist of thirteen total members.

A definitive number of committee members will allow for representation from the executive branch departments, the judiciary, the legislature, and private and corporate individuals. The broad range of perspectives will promote robust discussion on best practices, emerging trends, anticipated challenges, and overall direction related to the statewide information technology strategic plan.

We understand that a 13 member committee may be too large and as such offer the following two options for an 11 member panel:

1. Four (4) members to be appointed by the senate president; four (4) members to be appointed by the speaker of the house; one (1) member to be appointed by the

governor; one (1) member to be appointed by the chief justice; and the chief information officer to serve as chair; or

2. Three (3) members to be appointed by the senate president; three (3) members to be appointed by the speaker of the house; three (3) members to be appointed by the governor; one (1) member to be appointed by the chief justice; and the chief information office to serve as chair.

Since the current membership of the IT Steering Committee consists of four members appointed by the senate president and four by the speaker of the house, no resignations from the committee would be needed in the first option presented.

Thank you for the opportunity to testify on this matter.



The Judiciary, State of Hawaii

Testimony to the House Committee on Economic Revitalization and Business

The Honorable Angus L.K. McKelvey, Chair

The Honorable Isaac W. Choy, Vice Chair

Tuesday, March 13, 2012, 8:30 a.m.
State Capitol, Conference Room 312

by

Kevin G. Thornton

Support Services Department Head

The Judiciary, State of Hawaii

Bill No. and Title: Senate Bill No. 2236, Relating to Information Technology.

Purpose: Clarifies that the information technology steering committee shall consist of thirteen members: four members to be selected by the senate president, four members to be selected by the speaker of the House of Representatives, and four members to be selected by the chief information officer, with the chief information officer to serve as the chair.

Judiciary's Position:

The Judiciary supports the overall intent of this bill. We believe that a steering committee with an equitable membership would ensure that technology projects could be selected based on their potential impact to all branches of government.

To ensure that the unique needs and priorities of the Judiciary are addressed, we request that the Chief Justice of the Judiciary be able to select one member of the information technology steering committee.

Thank you for the opportunity to testify on Senate Bill No. 2236

WRITTEN TESTIMONY ONLY

Date: 03/13/2012

Committee: House Economic Revitalization & Business

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: SB 2236(SSCR2531) RELATING TO INFORMATION TECHNOLOGY.

Purpose of Bill: Clarifies that the information technology steering committee shall consist of thirteen members: four members to be selected by the senate president, four members to be selected by the speaker of the house of representatives, and four members to be selected by the chief information officer, with the chief information officer to serve as the chair.

Department's Position:

The Department of Education supports SB 2236 and would be happy to participate, as it would allow the Office of the State Chief Information Officer (CIO) to fulfil the intent of the Information Technology Steering Committee (Committee).

In its current form, it would be difficult to have enough members on the Committee to represent all the interests of the state agencies, the public, and private sector that were referenced in the legislation creating the Office of the State CIO. With SB 2236, the membership of the Committee will be expanded to allow better representation of participating stakeholders.