

SB-284-SD-2

Submitted on: 3/16/2023 9:21:48 PM

Testimony for LGO on 3/22/2023 3:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Gerard Silva	Individual	Oppose	Written Testimony Only

Comments:

Eliminat the Whole thing and start over!!!!



The Judiciary, State of Hawai'i

**Testimony to the Thirty-Second State Legislature
2023 Regular Session**

House Committee on Labor and Government Operations
Representative Scot Z. Matayoshi, Chair
Representative Andrew Takuya Garret, Vice Chair

House Committee on Higher Education and Technology
Representative Amy A. Perruso, Chair
Representative Jeanne Kapela, Vice Chair

Wednesday, March 22, 2023, 3:30 p.m.
Conference Room 309 & Via Videoconference

by:

WRITTEN TESTIMONY ONLY

Mai T. NguyenVan
Acting Director of IT & Business Services

Bill No. and Title: Senate Bill No. 284, S.D. 2, Relating to Information Technology.

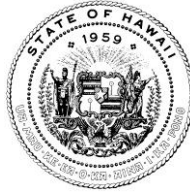
Purpose: Requires the technology services consolidation working group to decommission the Office of Enterprise Technology Services data center located in the Kalanimoku Building, relocate the entire Office of Enterprise Technology Services data center to an interim primary, secure, and resilient facility' and implement the use of cloud computing with consideration of latency sensitive systems that may require local presence or hybrid cloud design and cloud or remote physical storage for all consolidated state information technology data. Extends to 6/30/28 the dissolution date of the technology services consolidation working group. Establishes requirements for procurement contracts for information technology-related projects. Effective 7/1/2050 (SD2).

Judiciary's Position:

The Judiciary SUPPORTS this bill. The Judiciary is already looking independently to relocate its primary data center located in Kauikeaouli Hale to a more modern and secure data

center that can be resilient and far from shoreline. The current data center, which was retrofitted in a court building, cannot be brought to acceptable modern data center standards that would safeguard all the key functions of the Judiciary including the Judiciary Case Management System which is critical to court operations. The Judiciary is currently doing its own assessment as to how to plan for such a migration.

Thank you for the opportunity to testify on this measure.



OFFICE OF ENTERPRISE TECHNOLOGY SERVICES

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Written Testimony of
DOUGLAS MURDOCK
Chief Information Officer
Enterprise Technology Services

Before the
HOUSE COMMITTEES ON LABOR AND GOVERNMENT OPERATIONS, AND HIGHER EDUCATION
AND TECHNOLOGY
WEDNESDAY, MARCH 22, 2023

SENATE BILL 284 SD2
RELATING TO INFORMATION TECHNOLOGY

Dear Chairs Matayoshi and Perruso, and Vice Chairs Garrett and Kapela, and members of the committees:

The Office of Enterprise Technology Services (ETS) **supports** this bill to decommission the data center in the Kalanimoku building and relocate the data center to a standalone facility. We offer a few important comments on the bill.

As written, the bill would restrict state agencies from using cloud-based software such as Zoom, Microsoft Office 365, Google WorkSpace, Salesforce or Adobe eSign, among others, because their servers are not in Hawai'i. This would make it impossible to do many tasks and would set state technology back 10-15 years.

The bill would also not allow the state to use cloud platforms that are not physically in Hawai'i. This will restrict us from using major cloud providers such as Microsoft Azure, Oracle, Amazon Web Services, and Google, among others. This could limit access to important technologies such as artificial intelligence and data analytics and could cause the cost of cloud service to be very expensive due to lack of efficiency and competition.

Also, ETS believes that critical systems should have a disaster recovery suppicate system located in the mainland. The bill would not allow that without changes.

ETS has moved almost all critical state servers from the Kalanimoku data center to other locations. The state has been moving some systems into the public cloud for over 12 years. In many cases, the best cloud services were not available in Hawai'i. Therefore, we recommend deleting Section 3 paragraph 4 from the bill. As an alternative, Section 3 paragraph 4 should be edited to make it clear that the full cloud marketplace be available to the state by as follows:

Section 3 paragraph (4)

Unless otherwise required by federal law or regulation, by June 30, 2026, use cloud storage to securely store all state **(electronic)** data in compliance with state and federal policies and laws; provided that any cloud storage servers or other systems or hardware used pursuant to this paragraph shall have its **(primary production system)** be located within the State; provided that **(software-as-a-service solutions provided only outside the state are not subject to this restriction; further)** that the working group shall submit a report of its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2027.

Any data center that is decommissioned should receive funding for removing IT infrastructure as necessary and recommissioning for other uses.

ETS has a contracted study of the Executive Branch data center-type facilities. This study estimates that the cost of this bill would be at least \$12 million dollar per year.

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

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



JADE T. BUTAY
DIRECTOR

WILLIAM G. KUNSTMAN
DEPUTY DIRECTOR

STATE OF HAWAII
KA MOKU'ĀINA O HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
KA 'OIHANA PONO LIMAHANA

March 22, 2023

To: The Honorable Scot Z. Matayoshi, Chair,
The Honorable Andrew Takuya Garrett, Vice Chair, and
Members of the House Committee on Labor and Government Operations

The Honorable Amy A. Perusso, Chair
The Honorable Jeanne Kapela, Vice Chair and
Members of the House Committee on Higher Education and Technology

Date: Wednesday, March 22, 2023

Time: 3:30 p.m.

Place: Conference Room 309, State Capitol and Video Conference

From: Jade T. Butay, Director
Department of Labor and Industrial Relations (DLIR)

Re: S.B. 284, SD2, RELATING TO INFORMATION TECHNOLOGY

I. OVERVIEW OF PROPOSED LEGISLATION

The measure proposes to extend the technology services consolidation working group to June 30, 2028 and require certain upgrades to the Office of Enterprise Technology Services' (ETS) data center and procurement contracts on information technology related projects as well as to submit certain reports to the legislature.

II. COMMENTS ON THE SENATE BILL

The DLIR **supports the intent** of upgrading the ETS data center and establishing a high-speed printing facility in the capitol district along with extending the Technology Services Consolidation Working Group to June 30, 2028.

DLIR defers to ETS on matters related to cloud services and time frame to decommission the data center.



TIME/DATE: 3:30 pm, Wednesday, March 22, 2023
PLACE: State Capitol Conference Room 309 & Videoconference
COMMITTEES: House Labor & Government Operations
House Higher Education & Technology
BILL: SB284, SD2 Relating to Information Technology
POSITION: Support

Aloha Chair Matayoshi, Chair Perruso, Vice Chair Garrett, Vice Chair Kapela, and committee members:

THG (Transform Hawai'i Government) supports SB284, SD2 relating to information technology. As a nonprofit organization that has collaborated with state government for more than a decade, we strongly support the modernization and investment in backbone IT infrastructure requirements to create more efficiency and responsiveness.

Access to data is key to timely, informed decision-making to benefit Hawai'i's people. We believe the relocation and consolidation of our state's main data center is key to systemically creating more resiliency. A physical location that is not subject to flooding or natural disasters and a consolidated approach to protecting data from cyberattacks will help preempt or mitigate service disruptions.

Last year, THG was one of the presenting sponsors of the first Hawai'i Cloud Innovation Summit in our state to showcase the possibilities of cloud migration to public, private and nonprofit leaders. We fully support the state's commitment to cloud innovation to keep pace with the rest of the world.

Mahalo for considering our testimony.

Sincerely,

A handwritten signature in blue ink, appearing to read 'C. Sakuda', is written over a faint blue circular stamp.

Christine Sakuda
Executive Director
Transform Hawai'i Government
email: csakuda@TransformHawaiiGov.org | phone: (808) 321-2811
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**TESTIMONY IN SUPPORT OF SB 284, SD2
RELATING TO INFORMATION TECHNOLOGY**

House Committee on Labor and Government Operations
Representative Scot Z. Matayoshi, Chair
Representative Andrew Takuya Garrett, Vice Chair

House Committee on Higher Education & Technology
Representative Amy A. Perruso, Chair
Representative Jeanne Kapela, Vice Chair

Wednesday, March 22, 2023, 3:30 p.m.
Conference Room 309 & Via Videoconference

Chairs Matayoshi and Perruso, Vice Chairs Garrett and Kapela, and members of the Committees,

Thank you for this opportunity to offer our support for SB 284, SD2 Relating to Information Technology. My name is Richard Zheng, President and CEO of Servpac.

As a locally owned company established in 2004, Servpac has evolved from a Hawaii telecommunications provider to an all-in-one cloud-based technology solution, offering high speed fiber internet, VoIP phones, cloud computing, data center colocation and managed IT services. We understand the unique challenges that Hawaii's businesses face and we provide customized solutions to keep them connected in a mission-critical world.

Data centers and fiber optic networks are driving forces that support the creation and growth of the high-tech sector in Hawaii. These facilities enable the creation of high paying jobs in the technology sector, thereby contributing to the diversification of Hawaii's economy.

Data facilities should strive to provide the ultimate in fault tolerance – is dual-powered, redundant electrical, distribution and storage system, and highly redundant server and network architectures.

We respectfully ask the Committee's consideration of the following amendments to ensure mission-critical government functions and data are protected.

Beginning on pages 8, line 5:

- (i) Has the resiliency to perform concurrent maintenance or upgrades without down time; with multiple power generation, fuel storage, power distribution paths, cooling systems and heat exchange distribution paths ensuring that the data center can continue to operate even if one system fails when a utility power source is not available, without affecting the overall system;

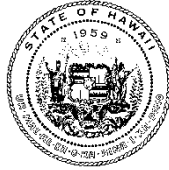
The rationale for our amendments is to ensure:

- 1) Limit failure -- dead starting batteries, air in fuel injectors, contaminated fuel clogs filter, geckos short out controls.
- 2) Generator protection from power outages -- Separate and diverse fuel storage is critical for generator operation in the case of contamination, leak, or other problems that may cause one fuel storage tank to be unavailable for service. For example, if a leak is detected in the piping, or a valve needs to be replaced, the fuel source will be unavailable to operate the generator(s) served.
- 3) Power and cooling distribution paths -- A data center should have physically separated power and cooling distribution paths to reduce the impact of a failure caused by accidental damage. Examples are turning off incorrect circuit breakers, power overload trips breakers, forklifts running into piping, construction accidents or mistakes disconnecting or shutting off systems, and emergency maintenance tasks.
- 4) Hawaii Special Considerations -- Data center equipment such as generators, electrical gear, and cooling systems are often large and specialized systems not normally stocked on Island. Thus, it becomes especially important to have multiple levels of redundancy built into the data center to anticipate the possibility of extended repair and replacement times.

In closing, we believe a consolidated networking and computing infrastructure enables a reliable statewide network and develop the core infrastructure for departments' mission critical applications.

Mahalo for allowing Servpac to share our perspectives on SB 284, SD2.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



BONNIE KAHAKUI
ACTING ADMINISTRATOR

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TESTIMONY
OF
BONNIE KAHAKUI, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEES
ON
LABOR & GOVERNMENT OPERATIONS
AND
HIGHER EDUCATION & TECHNOLOGY

March 22, 2023, 3:30 PM

SENATE BILL 284, SD 2
RELATING TO INFORMATION TECHNOLOGY

Chair Matayoshi, Chair Perruso, Vice Chair Garrett, Vice Chair Kapela, and members of the committees, thank you for the opportunity to submit testimony on Senate Bill 284, SD 2. The State Procurement Office provides comments on Section 2, page 3, lines 20 to 21 and page 4, lines 1 to 20 and page 5, lines 1 to 16:

"§103D- Information technology-related projects; in-state cloud servers and services.

(a) A governmental body that enters into a contract under this chapter for an information technology-related project having an estimated value of not less than \$250,000 shall decrease the bid amount of a bidder by five per cent if the bidder provides cloud servers and services that are physically located within the State. The lowest total bid, taking industry standard preferences into consideration, shall be awarded the contract, unless the solicitation provides for additional award criteria; provided that the contract amount awarded shall be the amount of the price offered, exclusive of the preference.

(b) At the time of submission of a competitive sealed bid or a competitive sealed proposal by a bidder, the bidder shall submit documentation that the bidder provides cloud servers and services that are physically located within the State and, if awarded the contract,

shall provide written certification on a monthly basis that the bidder provides cloud systems that are physically located within the State. This subsection shall be deemed to be incorporated into any applicable contract. A bidder that is awarded a contract shall be subject to the following sanctions if, during the project, the bidder ceases to provide cloud servers and services that are physically located within the State:

(1) Temporary or permanent cessation of work on the project, without recourse to breach of contract claims by the bidder; provided that the governmental body shall be entitled to restitution for nonperformance or liquidated damages, as appropriate; or

(2) Proceedings to debar or suspend under section 103D-702.

(c) For purposes of this section:

"Bidder" means an entity that submits a competitive sealed bid under section 103D-302 or submits a competitive sealed proposal under section 103D-303.

COMMENTS: The National Institute for Public Procurement (NIGP) does not support the use of local preference policies as an appropriate tool for improving local economies because they are in conflict with the fundamental public procurement principles of impartiality and full and open competition (the position paper is found at <https://www.nigp.org/resource/position-papers/Local%20Preference%20in%20Public%20Procurement%20Position%20Paper.pdf?dl=tr ue>).

The National Association of State Procurement Officials (NASPO) passed 16 resolutions between 1953 and 1992, opposing all types of preference law and has passed two resolutions asserting that procurement preference legislation results in decreased competition and increased prices (the position paper is found at https://www.naspo.org/wp-content/uploads/2012/08/Final_2020_StatePref_Paper_8.5X11C-1.pdf).

The Hawaii Public Procurement Code is the single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure and transparency in the procurement and contracting process vital to good government. In-state preference in procurement may not always result in the best value for the State due decreased competition, which can lead to higher prices for goods and services.

Thank you.