

STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
Kakaako Community Development District
Honolulu, Hawaii 96813
October 4, 2017

Chairperson and Members
Hawaii Community Development Authority
State of Hawaii
Honolulu, Hawaii
HCDA Board Members:

SUBJECT: Shall the Authority Authorize the Executive Director to Enter into a Memorandum of Agreement to Transfer Funds from the University of Hawaii's Applied Research Laboratory to the Hawaii Community Development Authority to Conduct Planning Studies Relating to a Potential Transpacific Broadband Cable Landing Site in Kakaako Makai?

SUMMARY: The Department of Business Economic Development and Tourism (DBEDT) is taking the lead in creating broadband infrastructure public-private partnership in Hawaii. Feasibility studies conducted by DBEDT and ARL at UH, indicates that Kakaako Makai could be a potential site for transpacific broadband cable landing. DBEDT and ARL are seeking to enter into a memorandum of agreement with the Hawaii Community Development Authority (HCDA) to conduct planning studies for a cable landing site in Kakaako makai.

AUTHORITY: Hawaii Revised Statutes § 206E-4

BACKGROUND: In 2008, the Hawaii Broadband Task Force reported to the Legislature that existing transpacific fiber optic cables would be reaching predictable end-of-life in the next few years. New cables were by-passing Hawaii due to improvement in technology, and increasing internet use.

The Legislature then directed the State of Hawaii to increase broadband capacity for both businesses and residents through the Hawaii Broadband Initiative (HBI). The HBI directed State officials and agencies to work together with other levels of government, the UH, broadband providers, as well as other stakeholders to create and implement plans, policies, and programs to achieve the goals of the HBI.

The goal of the HBI is to provide all Hawaii residents with access to ultra-high-speed internet service at affordable prices. The new networks need to be secure, resilient, and follow diverse pathways to mitigate any interruption of service.

To implement HBI, DBEDT is seeking to make transpacific fiber optic cables in Hawaii easier than options that are currently available. These transpacific fiber optic cables are Hawaii's connection to the rest of the world.

In 2013 the Legislature provided CIP funding for planning, design, and construction of transpacific cable landing stations and broadband infrastructure deployment statewide. A report on preferred site selection for transpacific broadband cable landing sites was completed in December 2013 by the Applied Physics Laboratory at John's Hopkins University. The report was for the ARL at UH through a Memorandum of Agreement with DBEDT. The report presents Kakaako Makai as one of the preferred sites based on several selection variables.

In 2015, Act 143, Session Laws of Hawaii 2015, made appropriations for a Hawaii Resilience and Sustainability strategy for various essential infrastructure, with emphasis on broadband. The Act authorized up to \$25 million in reimbursable general obligation bond funds to be issued by the Department of Budget and Finance to fund a broadband cable landing station.

In 2016, DBEDT conducted competitive procurement and selected J.P. Morgan Chase as a financial advisor to advise on the structure of a request for proposal (RFP) seeking a private sector partner to deliver a secure open access, carrier neutral, multi-tenant cable landing station. This will serve as a regional and international interexchange platform for broadband communications in the Pacific Basin.

In January 2017, DBEDT issued an RFP to create a broadband infrastructure public-private partnership. The RFP sought a private sector partner to plan, design, construct, market and operate a state-sponsored carrier neutral landing station. In May 2017, after discussions were held with responsive and responsible offerors, the Evaluation Committee recommended and the DBEDT Director approved, cancellation of the RFP to afford the department time to fix a flaw in the RFP. DBEDT plans to re-issue a revised RFP that addresses the identified issue in Spring 2018. DBEDT remains committed to bring more broadband cables to Hawaii as the need for bandwidth increases.

ANALYSIS: A broadband cable landing site within the Kakaako Makai area could provide additional economic development opportunities for the HCDA, as well as landowners and business owners in the district. In general, additional broadband capability will encourage economic expansion. A relatively inexpensive high speed internet connection in the Kakaako Community Development District (KCDD) has the potential to attract high-tech businesses to the district in addition to providing additional bandwidth to already existing businesses. It will also allow for 'fiber to the premise (FTTP)' connection to all developments in the KCDD.

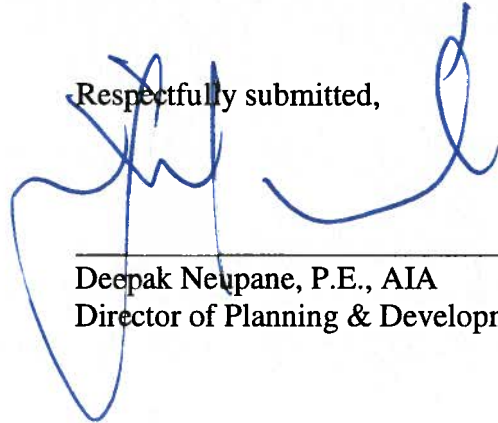
The physical space required for a cable landing infrastructure is relatively small and could be easily accommodated within the proposed master plan for Lot C.

In August 2017, DBEDT and ARL approached the HCDA with the possibility of conducting planning studies for a landing site in Kakaako Makai. DBEDT has a Memorandum of Agreement (MOA) with the ARL at UH for conducting planning and pre-engineering for a

potential transpacific submarine cable landing stations statewide. DBEDT and ARL are proposing to enter into a memorandum of agreement (MOA) with the HCDA to transfer funds to HCDA for conducting planning studies for Kakaako Makai site. The planning study will most likely include preparation of an environmental assessment (EA) and special management area (SMA) application. A copy of the draft MOA is provided as Exhibit A.

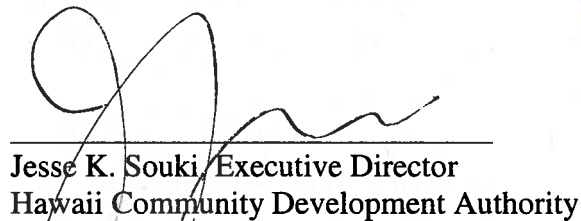
RECOMMENDATION: Staff recommends the Authority authorize the Executive Director to enter into a Memorandum of Agreement to transfer funds from the University of Hawaii's Applied Research Laboratory to the Hawaii Community Development Authority, to conduct planning studies relating to a potential Transpacific Broadband Cable Landing site in Kakaako Makai?

Respectfully submitted,



Deepak Neupane, P.E., AIA
Director of Planning & Development

APPROVED FOR SUBMITTAL:



Jesse K. Souki, Executive Director
Hawaii Community Development Authority

Exhibit A: Memorandum of Agreement (MOA)

**MEMORANDUM OF
AGREEMENT BETWEEN
THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY
AND
THE APPLIED RESEARCH LABORATORY AT THE UNIVERSITY OF HAWAII**

- I. BACKGROUND AND AUTHORITY:** The Department of Business, Economic Development and Tourism (DBEDT) received an appropriation of \$2,200,000 in General Obligation Bond Funds in Act 164, Session Laws of Hawaii 2011, as amended by Act 106, Session Laws of Hawaii 2012, for the Transpacific Cable Project, Statewide.

On August 6, 2012, Governor Neil Abercrombie approved DBEDT's request to allot and expend the appropriation by entering into a Memorandum of Agreement with the State Department of Defense (DOD).

On October 24, 2012, DBEDT entered into a memorandum of agreement with the Applied Research Laboratory (ARL) at the University of Hawaii (UH) to establish a mutual understanding regarding the respective organizational relationships, responsibilities, and activities to be undertaken by DBEDT and AROL for the purpose of conducting, planning and pre-engineering studies of potential transpacific submarine fiber optic cable landing stations statewide. DBEDT also provided the ARL with funding not to exceed \$2,100,000 for support of the Trans-Pacific Cable Landing Stations, Planning and Pre-Engineering Project.

The Hawaii Revised Statutes § 206 E-4 provides that the Authority may provide advisory, consultative, training, and educational services, technical assistance, and advice to any person, partnership, or corporation, either public or private, to carry out the purposes of this chapter, and engage the services of consultants on a contractual basis for rendering professional and technical assistance and advice.

A transpacific broadband cable landing site within the Kakaako Community Development District (KCDD) is valuable in expanding economic activities within the KCDD and essential for growth of high-tech businesses within the district.

- II. PURPOSE:** The purpose of this Memorandum of Agreement (MOA) is to establish a mutual understanding regarding the respective organizational relationships, responsibilities, and activities to be undertaken by the HCDA and the ARL for the purpose of conducting planning studies of potential transpacific broadband cable landing station in Kakaako Makai.
- III. PROJECT OVERVIEW:** The purpose of the project is to conduct planning studies including preparation of an Environmental Assessment (EA) report and Special Management Area (SMA) application for a potential transpacific broadband cable landing station in Kakaako Makai.

IV. RESPONSIBILITIES OF THE PARTIES:

The following identify the responsibilities of the HCDA and the ARL.

A. HCDA Responsibilities:

1. Scope of Services: The HCDA, itself or through engaging with outside professional consultants, will prepare an EA report and s SMA application for a potential transpacific broadband cable landing station in Kakaako Makai.
2. Compensation: The HCDA will assume all procurement and management responsibilities for engaging any outside professional consultants.
3. Time of Performance: The agreement described herein shall commence on the effective date of this Agreement. The HCDA will complete work contemplated under this MOA by December 31, 2018. The time of performance may be amended by mutual agreement by the HCDA and the ARL.
4. Unspent Funds: The HCDA will return any unspent funds to the ARL upon completion of the project, and no later than sixty (60) days after the termination of this Agreement.
5. Representative: The HCDA will appoint a particular representative to serve as its central point of contact on matters relating to this MOA.

B. ARL Responsibilities:

1. Payment for Services: The ARL will transfer funds in the amount of up to ONE HUNDRED AND FIFTY THOURSAND DOLLARS (\$150,000.00) to the HCDA within thirty days from the date of execution of this agreement.
2. ARL Representative: The ARL will appoint a principal representative to serve as its central point of contact on matters relating to this MOA.

ACCEPTANC OF AGREEMENT:

APPROVED AS TO FORM

Deputy Attorney General

Executive Director
Hawaii Community Development Authority

Vice President for Research
University of Hawaii System