UNIVERSITY OF HAWAII
NOTICE OF EXEMPTION FROM CHAPTER 103D, HRS

The President, University of Hawaii, is in the process of reviewing the request from Information Technology Services (Department/Campus) for exemption from Chapter 103D, HRS, for the following goods, services, or construction:

Acquisition of commodity internet service.

Vendor: Corporation for Education Network Initiatives in California
Address: 

Term of Contract: From: To: Cost: $48,000.00/year (est)

Direct any inquiries to:
Department: Information Technology Services
Contact Name/Title: Christopher Zane
           Network Engineer Manager
Address: 2520 Correa Road
           Honolulu, Hawaii 96822

Phone Number: (808) 956-0974
Fax Number: (808) 956-7483

Date Posted: March 2, 2016

Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven (7) calendar days from the date posted to:

Office of Procurement and Real Property Management
1400 Lower Campus Road, Room 15
Honolulu, Hawaii 96822
REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS

TO: OFFICE OF PROCUREMENT AND REAL PROPERTY MANAGEMENT

FROM: Information Technology Services

Pursuant to APM Section A8.220, the Department requests a procurement exemption to purchase the following:

Description of goods, services, or construction:
Acquisition of commodity internet service.

Estimated Cost: $ 48,000.00 per year (estimated)

(1) Explanation describing how procurement by standard competitive means is either not practicable or not advantageous to the University;

See attached.

(2) Details of the process or procedures to be followed in selecting the vendor to ensure as fair and open competition as practicable;

See attached.
(3) A description of the Department's internal controls and approval requirements for the exempted procurement; and

See attached.

(4) A list of Department personnel, by position title, who will be involved in the approval process and administration of the contract:

See attached.

Direct questions to: Christopher Zane Phone: (808) 956-0974

I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS TO THE BEST OF MY KNOWLEDGE, TRUE AND CORRECT.

Christopher Zane, Manager, Information Technology Services, Technology Infrastructure
Full Name of Principal Investigator, Department Head, or Administrator

Signature 3/1/16 Date

Craig Shinsato, Fiscal Administrator
Full Name of Fiscal Officer

Signature 03/01/16 Date

APPROVED:
Garret Yoshimi, Vice President for Information Technology and Chief Information Officer
Full Name of Vice President or Chancellor

Signature MAR 1 2016 Date

FOR OPRPM USE ONLY

OPRPM COMMENTS:

________________________________________________________________________
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APPROVED _______ DENIED

President, University of Hawaii

10 March 2016 DATE
(1) Explanation describing how procurement by standard competitive means is either not practicable or not advantageous to the University

Over the past year, the University has issued three separate formal invitations for bids (IFB) to purchase 2Gbps (2000 Mbps) per month of commodity internet services. Only one bid was received for each IFB. The first invitation for bid resulted in the sole bidder CenturyLink Communications LLC, requesting to withdrawal its bid due to a mistake in its bid price. The second and third IFB's resulted in the University disqualifying the sole bidder for each IFB, CenturyLink Communications LLC and Level3 Communications LLC respectively, due to the each bidder taking exception to the terms and conditions of the IFB's.

As a result of the failed IFB's, Information Technology Services (ITS) has determined that the procurement of commodity internet services by standard competitive means is not practicable or advantageous to University. Consistent delays and non-compliance caused by lack of sufficient market size and responsiveness by vendors in the local market are the two key factors in this case.

(2) Details of the process or procedures to be followed in selecting the vendor to ensure as fair and open competition as practicable

ITS has been exploring alternate procurement methods for purchasing commodity internet services and has found that the most advantageous alternate method is to purchase the services through the University's membership in the Western Regional Network (WRN). The purpose of the WRN is to promote, advance, and sustain advanced networking services in support of research, education, and their respective missions, including participating in and sharing access to national research and education networks, commodity networks, trans/peering connections and other similar services.

The parties of the WRN operate advanced networks for, and on behalf of themselves, their members, and other affiliates, including providing access to national research and education networks, commodity networks, and transit/peering connections and other such access as may be agreed upon to members and other affiliates in the states of Arizona, California, Colorado, Nevada, New Mexico, Washington, Wyoming, and Hawaii.

The principal goal of the WRN is to provide an opportunity for the parties of the WRN to share services in a manner that balances the effectiveness and efficiency of subscription to, delivery of and sharing of, the services, including the potential to reduce costs, enhance services, and coordinate participation in activities of mutual interest, such as national research and education networks and other interconnections.

The WRN has made available to its members the option to purchase commodity internet services at a reduced rate through the Corporation for Education Network Initiatives in California (CENIC) which is also a member of WRN. As CENIC represents a significantly larger customer in the market for commodity internet services, and since their presence in California, as well as (through WRN) in a number of western states,
affords them with access to highly competitive markets for commodity internet services, CENIC (and WRN) are able to acquire and contract for commodity internet services at prices and terms that UH simply cannot access in our market at this time.

ITS reviewed the commodity internet services provided by CENIC and found that the pricing offered by CENIC is consistent with or less than the sole bids received for the 2nd and 3rd IFB's that were issued for this service. CENIC offers the WRN members a rate of $2.00 per Mbps per month. For the 2nd IFB issued, CenturyLink Communications LLC provided a rate of $3.60 per Mbps per month. For the 3rd IFB issued, Level3 Communications offered a rate of $1.937 per Mbps per month. Based on these rates the yearly cost comparisons are as follows:

<table>
<thead>
<tr>
<th>Monthly Qty.</th>
<th>Unit Price</th>
<th>Total Monthly</th>
</tr>
</thead>
<tbody>
<tr>
<td>CenturyLink Communications, LLC</td>
<td>2,000 Mpbs x</td>
<td>$3.60</td>
</tr>
<tr>
<td>Level 3 Communications, LLC</td>
<td>2,000 Mpbs x</td>
<td>$1.937</td>
</tr>
<tr>
<td>CENIC</td>
<td>2,000 Mpbs x</td>
<td>$2.000</td>
</tr>
</tbody>
</table>

Lastly, the University has an existing contract with CENIC to provide collocation services on CENIC's network infrastructure to transport its transpacific submarine fiber circuits from the west coast fiber landing stations on the coast to Los Angeles and Seattle. The collocation service includes high speed access to research and education networks via direct access, zero mile backhaul connections.

Because it is not feasible to rebid this project for a 4th time and since the commodity internet services are related to these collocation services, ITS is proposing to amend its current contract with CENIC to include the commodity internet services to run co-terminus with the existing collocation services service.

(3) Description of the Department's internal controls and approval requirements for the exempted procurement

ITS internal controls over the exempted procurement will include monitoring the market to ensure that the monthly price paid to CENIC remains competitive. All terms and conditions of this exempted procurement will be reviewed by multiple individuals familiar with this service to ensure the University's best interests are preserved under the exempted procurement.

(4) A list of Department personnel, by position title, who will be involved in the approval process and administration of the contract

Chris Zane - IT Specialist (Senior Network Architect)
Craig Shinsato – Fiscal Administrator
Garret Yoshimi – Vice President for Information Technology & Chief Information Officer