

'10 SEP 29 A9:15



STATE PROCUREMENT OFFICE
STATE OF HAWAII

STATE PROCUREMENT OFFICE NOTICE OF AND REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS

- 1. TO: Chief Procurement Officer
- 2. FROM: DAGS/State Procurement Office

Department/Division/Agency

Pursuant to §103D-102(b)(4), HRS, and Chapter 3-120, HAR, the Department requests a procurement exemption to purchase the following:

3. Description of goods, services or construction:
 Posting of public notices in the Honolulu Star-Advertiser by governmental agencies.
 In reference to IFB-09-037-SW, primary contractor for public notices for the islands of Oahu, Molokai and Lanai.

4. Name of Vendor: Oahu Publications, Inc.
 Address: 500 Ala Moana Blvd., Suite 7-500
 Honolulu, HI. 96813

5. Price:
 \$300,000.00

6. Term of Contract: From: 11/1/2010 To: 10/31/2011

7. Prior Exemption Ref. No.
 0

8. Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:
 See attachment., page 1.

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:
 Oahu Publications, Inc. is the only company to provide daily public notice services on the island of Oahu, Lanai and Molokai. The states pricing for posting public notices is fair because the rates are lower than what is offered to the public and businesses.

(See attachment, page 2, which compares public notice rates between the state and business/public.

10. A description of the agency's internal controls and approval requirements for the exempted procurement:
 This price list contract is managed by Stanton Mato. This exemption will allow the SPO to extend both contract terms from 11/1/2010 through 10/31/2011 and ensure fair and competitive pricing to the participating jurisdictions.

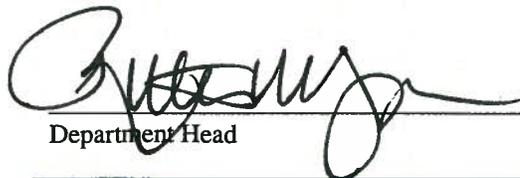
REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)

12. A list of agency personnel, by position, who will be involved in the approval process and administration of the contract:		
Name	Position	Involvement in Process
Stanton Mato	Purchasing Specialist	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
Donn Tsuruda-Kashiwabara	Purchasing Specialist	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
Ruth E. Yamaguchi	Procurement Officer	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration

13. Direct inquiries to: Department: DAGS - State Procurement Office
 Contact Name: Stanton Mato
 Phone Number: 586-0566
 Fax Number: 586-0570

Agency shall ensure adherence to applicable administrative and statutory requirements

14. *I certify that the information provided above is, to the best of my knowledge, true and correct.*


 Department Head

9/29/2010
 Date

Reserved for SPO Use Only

15. Date Notice Posted 9/29/2010

The Chief Procurement Officer is in the process of reviewing this request for exemption from Chapter 103D, HRS. Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven calendar days or as otherwise allowed from the above posted date to:

Chief Procurement Officer
 State Procurement Office
 P.O. Box 119
 Honolulu, Hawaii 96810-0119

Chief Procurement Officer's comments:

Although Oahu Publications (OP) is the only daily newspaper for Oahu, Molokai and Lanai, and rebidding this service would not be practical or advantageous to the State, the State Comptroller has determined that the OP proposed rates effective 11/1/10 are not acceptable. Interim instructions will be provided to agencies to procure their requirements from best available source using applicable procurement method such as obtaining quotes until such time that fair and reasonable rates are agreed upon by all parties.

16. APPROVED DISAPPROVED NO ACTION REQUIRED


 Chief Procurement Officer 11/10/2010
 Date

Item No. 8. Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:

On 11/1/09, the State Procurement Office (SPO) awarded the following contractors to enable the public to go to one publication to obtain public notices on each island. The contract also provides an optional source to place an additional notice in a secondary publication to reach a wider circulation. The contract term was for one year, effective November 1, ~~2010~~ with the option to extend for three one-year extensions. *2009 to 10/1/10*

1. Oahu Publications (OP) as primary contractor for Oahu. Publication named The Honolulu Star Bulletin (HSB).
2. Gannett Pacific Corporation (GPC) as primary contractor for Lanai and Molokai and secondary contractor for Oahu, Maui, Kauai and Hawaii. Publication named The Honolulu Advertiser.
3. The Maui News (MN) as primary contractor for Maui
4. West Hawaii Today (WHT) as primary contractor for Kona, Hawaii
5. Hawaii Tribune Herald(HTH) as primary contractor for Hilo, Hawaii
6. The Garden Island Newspaper (GIN) as primary contractor for Kauai

On 6/17/10, OP purchased GPC and created one publication naming it the Honolulu Star-Advertiser (HSA). Since OP agreed to honor the contract pricing through 10/31/2010, the SPO executed Supplemental Contract No. 1 to change the company name from GPC to OP for the primary contractor for Lanai and Molokai and secondary contractor for Maui, Kauai and Hawaii. The Oahu primary contract remained the same, only the name of publication changed from HSB to HSA. There is now no secondary contractor on Oahu because of the buyout.

On 6/10/10, the SPO sent letters to MN, WHT, HTH and GIN asking to extend the price list contract term from 11/1/2010 to 10/31/2011. MN, WHT, HTH and GIN responded yes with the understanding there were no changes to the specifications, special provisions and the general terms and conditions. The SPO will execute a supplemental contract with MN, WHT, HTH and GIN. OP is willing to extend the contract term for another year if the state accepts higher public notice price rates to be effective 11/1/2010. Since the contract does not provide a provision for a price change, the SPO would need to rebid this service.

Rebidding this service would not be practical or advantageous to the state because:

1. OP publishes the HSA, the only newspaper publication company on Oahu and Molokai to offer daily public notice services. Listed below are other publishers on Oahu and Molokai that do not offer daily publications:
 - a. North Shore News – Bi Monthly
 - b. Hawaii News – This is a independent volunteer online news source
 - c. Honolulu Weekly – Every Wednesday
 - d. Pacific Business News – Every Friday
 - e. The Voice of Kapolei – Monthly
 - f. The Molokai Advertiser – Every Wednesday

Although allowed by statute for a weekly publication, previous contracts have proven it to be ineffective and cannot meet the needs to inform the public of government activities.

The contract portion for HSA as secondary contractor for the islands of Hawaii, Maui and Kauai will continue.

Item No. 9. The rates offered to the state are lower than the rates offered to businesses and public.

CURRENT CONTRACT RATES THRU 10/31/2010

NOTE: LEGAL ADS - 80%

CLASSIFIED - 15%

RETAIL - 5%

Type of Ad	Monday – Friday	Saturday	Sunday
Legal Ad with or w/o graphics	\$9.75	\$8.50	\$11.00
Retail Ad with or w/o graphics	\$14.57	\$12.70	\$16.42
Classified Ad with or w/o graphics	\$9.75	\$8.50	\$11.00

PROPOSED RATES EFFECTIVE 11/1/2010

Type of Ad	Monday – Saturday	Sunday
Legal Ad with or w/o graphics	\$30.00 (+208%)	\$40.00 (+264%)
Retail Ad with or w/o graphics	\$60.00 (+312%)	\$70.00 (+326%)
Classified Ad with or w/o graphics	\$60.00 (+515%)	\$75.00 (+582%)

BUSINESS AND PUBLIC RATES

Type of Ad	Monday – Saturday	Sunday
Legal Ad with or w/o graphics	\$48.00 (+392%)	\$48.00 (+392%)
Retail Ad with or w/o graphics	\$67.00 - \$88.00 (+432%)	\$90.00 - \$115.00 (+524%)
Classified Ad with or w/o graphics	\$84.00 (+762%)	\$108.00 - \$216.00 (+1373%)