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

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

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:
Publication of legal, classified/employment and retail/display ads for the islands of Oahu, Lanai and Molokai.

4. Name of Vendor: Oahu Publications, Inc.
Address: 500 Ala Moana Blvd., Suite 7-500
Honolulu, HI 96813
5. Price: \$175,000 (approx.)

6. Term of Contract: 12/2/10 to 6/30/2011
7. Prior Exemption Ref. No. 11-016-B

8. Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:

It was determined in Procurement Exemption No. 11-016-B that 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. However, the request was disapproved based on State Comptroller determination that OP's rates were not acceptable.

Chronology of Events:

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

- 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

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.

6/10/10 - 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.

9/29/10 - Request for Exemption (SPO-007) was prepared for price adjustment to OP contracts; on 10/28/10, Comptroller 'do not agree to the new rates proposed by PO;

11/10/10 - SPO-007 disapproved as State Comptroller "...determined that the OP proposed rates effective 11/1/10 are not acceptable."

On October 31, 2010 the contract with OP expired. State agencies have been instructed to use applicable procurement method and its procedures such as small purchases procurement to obtain quotes from any available newspaper publication that will meet the agencies public notice requirements. OP is currently quoting its 'No Contract' rates to government agencies.

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

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:

The State Procurement Office will conduct direct negotiations with Oahu Publications, Inc. on behalf of the Comptroller, and acceptance of the negotiated prices would be approved by the Comptroller. Agencies will be able to receive discounted pricing for same services awarded in SPO Price Contract No. 10-06. Results of the negotiations, agreeable price rates, would be added to the SPO Price List Contract No. 10-06 for newspaper publication. Selection of OP is based on that Oahu Publications is currently the only daily newspaper for Oahu, Molokai and Lanai. OP submitted another proposal on November 5, which the State is agreeable to for the period of 12/1/10 to 6/30/2011 as follows:

Type of Ad	Monday – Friday	Saturday	Sunday
Legal Ad with or w/o graphics	\$21.50	\$19.50	\$27.00
Retail Ad with or w/o graphics	\$32.00	\$29.50	\$40.00
Classified Ad with or w/o graphics	\$28.50	\$20.00	\$39.00

10. A description of the agency's internal controls and approval requirements for the exempted procurement:
 Upon acceptance of agreeable price rates by the Comptroller, SPO will execute contract, and subsequently issue/distribute SPO Price List Contract No. 10-06 to user agencies.

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 type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Donn Tsuruda-Kashiwabara	Purchasing Specialist	<input type="checkbox"/> Approval	<input checked="" 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
 Contact Name: Russ Saito
 Phone Number: 596-0400
 Fax Number:

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

12/1/10

Date

Reserved for SPO Use Only

15. Date Notice Posted 12/3/10

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

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

Chief Procurement Officer's comments:

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. On November 5, 2010 OP submitted a proposal which the State is agreeable to for the period of 1/1/11 to 6/30/11.

16.



APPROVED



DISAPPROVED



NO ACTION REQUIRED

Alvin S. Fife 12/14/2010
Chief Procurement Officer Date