

**REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS**

TO: Chief Procurement Officer

STATE PROCUREMENT OFFICE  
STATE OF HAWAII

FROM: Health, Environmental Management Division, Solid and Hazardous Waste Branch  
(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:

Description of goods, services, or construction:  <p style="text-align: center;">Please see attachment.</p>
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Name of Vendor: Address: Reynolds Recycling, Inc. Envipco, Inc.	Cost: \$100,000 (Annually)
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Term of Contract: From: To:	Prior Exemption Ref. No. (if applicable)
N/A (Please see attached for a description of the certification process)	

Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:  <p style="text-align: center;">Please see attachment</p>
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Details of the process or procedure to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:  <p style="text-align: center;">Please see attachment</p>
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**SPO Form-7, Attachment 1 of 1**

**Department of Health, Environmental Management Division, Solid and Hazardous Waste Branch**

**Description of goods, services, or construction:**

This request is for Hawaii Deposit Beverage Container Program activities.

It pertains specifically to the purchase or lease of reverse vending machines (RVM), with associated maintenance agreements. Reverse vending machines may be used to provide redemption services for the deposit program. A deposit of 5¢ per container is paid to the redeemer of the container(s). The deposit on each container has been previously paid to the department by the appropriate beverage distributor. The machines dispense either cash, or cash vouchers for all eligible deposit beverage containers that are deposited into the machine.

HRS Ch. 342G requires the department to analyze redemption center coverage statewide. If the department determines that significant gaps exist between redemption centers, statute then requires the department to establish a redemption center.

Redemption center configurations will vary according to the physical characteristics of the site as well as the potential container volumes to be handled. Some sites may require a manned site, while RVM use will suffice in others.

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

Two RVM manufacturers supply nearly all of the RVMs used in the ten states that have existing deposit programs. The first is Tomra Systems ASA which is a Europe based company with North American Unit. The manufacturer is the Environmental Products Corporation, or Envipco.

Locally based Reynolds Recycling, Inc. is a licensed agent for Tomra products. While not yet locally based, Envipco does have sales personnel present in state representing their own products. We do not anticipate a third RVM vendor in the state in the short term.

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

Once the department determines that a gap area redemption center will require RVMs, price quotes from the two competing vendors will be secured. Selection will be based on which company can provide an optimal balance of price and level of service.

**A description of the agency's internal controls and approval requirements for the exempted procurement:**

Please see comments above.

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Please see attachment

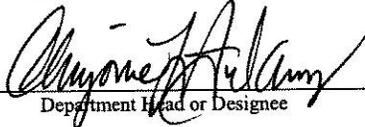
A list of agency personnel, by position title, who will be involved in the approval process and administration of the contract:

Steven Y.K. Chang, P.E., Chief, Solid and Hazardous Waste Branch  
 Jennifer Webb-Tosaki, Recycling Coordinator, Solid and Hazardous Waste Branch

Direct questions to: Steven Chang	Phone Number: 586-4226
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This exemption should be considered for list of exemptions attached to Chapter 3-120, HAR: Yes  No

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

 SEP 30 2004  
 Department Head or Designee Date  
 Title (If other than Department Head)

Chief Procurement Officer's Comments:

Exemption from Chapter 103D, HRS, may be granted only when it is not practicable to use any of the procurement methods available. Because the program will not begin until 2005, there is sufficient time to solicit offers for an IFB/RFP. There are at least two competitors willing to provide the RVM machines; one through a lease and one through outright sales. Your agency can make the determination of whether to do a lease or outright purchase. The bid should indicate the contract period and that no quantities are guaranteed.

Please ensure adherence to applicable administrative requirements.

APPROVED  DISAPPROVED  10/19/04  
 cc: Administrator, State Procurement Office Chief Procurement Officer Date