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STATE OF HAWAII
REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS

STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer
FROM: Department of Human Services
(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:
Computerized payroll and tax withholding services. Section 346-63, HRS requires the Department of Human Services (DHS) to establish within the Social Services Division, Chore Services and Medicaid Waiver Services with a system of payment to the provider of these services. In this program, the client will be considered an employer by law.

DHS will serve as the fiscal agent for the client/employer in the computation of the employee and employer taxes. Payment provisions require withholding and payment of the various taxes similar to that of a standard payroll system. A single Federal employer reporting number will be used for the estimated combined volume of approximately 1,600 employers per month. An employer may have one or more employees.

Name of Vendor: Address:	Ceridian Employer Services 2828 Paa Street, Suite 1010 Honolulu, HI 96819	Cost: Approximately \$60,000/yr.
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Term of Contract:	From: July 1, 2005 To: June 30, 2010	Prior Exemption Ref. No. (if applicable)
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Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:

see back please

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

The vendor selected is the current contractor and was the winning bidder in the original procurement, IFB-00-106-0. Approval to enter into a new 5-year contract with this winning bidder without re-bidding is requested.

The existing contract, Contract No. 47005, IFB-00-106-0 will be expiring on June 30, 2005. The department wishes to enter into a new contract with the current contractor for a new 5-year period.

Ceridian Employer Services has been providing payroll and tax withholding services for the department for the past 10 plus years and has in past bids, been the only bidder. The advantage of entering into a new 5-year period with Ceridian is that the department would: 1) realize substantial savings for start-up costs, 2) substantial savings for any new programs and interfaces that may need to be developed by a new contractor, 3) current contractor has a long history with the DHS and in the process has already developed programs, systems, interfaces, and staff specifically for DHS and there would be no interruption in services and 4) savings in the procurement process. Many of the problems first encountered with the implementation of the payroll and tax withholding system has been worked out over the years and the department works closely with Ceridian to improve the current system. Regular meetings are held with the users, accounting staff, and IT staff to be kept abreast of any new state and federal reporting requirements and new technology that the DHS is implementing to ensure that there will be no problems with any interface or programs specifically developed for DHS by Ceridian.

The department requests an exemption from bidding to continue working with the current contractor for a new five-year term without the necessity of re-bidding.

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

The department has procurement policies and procedures in place. The original procurement was made through SPO. If approved, the execution of the new contract and administering of the contract will be the responsibility of the department's procurement office – the Fiscal Management Office, Property & Procurement Staff.

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

- Lillian B. Koller, Esq. – Director of Human Services or
- Henry Oliva – Deputy Director of Human Services
- Ed Igarashi – Fiscal Management Officer
- Lucia Leong – Accountant
- Mary Ann Pyun – Program Manager
- Linda Chun – Program Specialist
- Susy Kawamoto – Procurement & Supply Specialist IV

Direct questions to:

Susy S. Kawamoto

Phone Number:

586-4864

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.

Deborah K. Dean

OCT 24 2004

Department Head or Designee

Date

Title (If other than Department Head)

Chief Procurement Officer's Comments:

The information provided does not justify exemption from the procurement code. Because there have not been any other bidders in the past is not justification for an exemption. Any savings by using the current contractor or additional costs as a result of a new contractor can be evaluated and measured through the procurement process.

Please ensure adherence to applicable administrative requirements.

APPROVED

DISAPPROVED

Alan J. Fyler
Chief Procurement Officer

10/26/04
Date

cc: Administrator,
State Procurement Office