

11 JAN -4 A9:40


 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: Dept of Business, Economic Dev & Tourism/High Tech Dev Corp

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:

High Technology Development Corporation (HTDC) requests an exemption from bidding to enable the Manufacturing Extension Partnership (MEP) program to contract energy efficiency consultants to conduct energy studies for Hawaii manufacturing businesses (MEP clients). The energy consultants will be selected by MEP clients.

Background: HTDC MEP is a federally-funded program that provides specialized business services to local firms. Its mission is to strengthen the competitive position and improve the profitability of Hawaii small- to medium-size manufacturing businesses by providing high quality business consulting. All 50 states have a MEP Program. The MEP program has operated in Hawaii for over 12 years, and has been hosted by HTDC for the last seven years.

(continues on page 3)

4. Name of Vendor: various

Address:

5. Price:

Sup to \$5,000/vendor

6. Term of Contract:

 From: *Upon CPO approval*
~~1/1/2011~~ To: 12/31/2011

7. Prior Exemption Ref. No.

Similar to: PE10-007-K

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

To effectively conduct the HTDC-MEP Energy Efficiency program, the normal procurement process is not practicable to the State. HTDC-MEP's collaboration with Hawaii Energy's existing and successful program, as contracted by the State PUC, is through a cost-share partnership in which MEP pays for a portion of the energy studies. The energy study program has an established process in which the client selects the vendor to develop the energy study. Therefore, it does not make sense for HTDC-MEP to put the project out to bid and force the client to accept the State's bid winner. Additionally, HTDC-MEP is a minor cost share contributor to the studies, and the majority of the fee is paid by the client and Hawaii Energy.

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

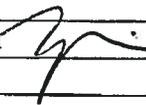
All small- to medium-size manufacturing companies in Hawaii can apply for assistance from HTDC-MEP. Manufacturing companies may apply for an energy study subsidy by submitting an application form that is publicly posted at Hawaii Energy's website at:
<http://hawaiienergy.com/media/assets/EnergyStudies-IncentiveApplication.pdf>
 Pre-approval of the application by both Hawaii Energy and HTDC-MEP is required before the energy study work for qualified manufacturers can begin. Projects are judged on a case-by-case basis.

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

A project tracking system that documents the following:

- HTDC-MEP qualifies the energy consultant selected by the client with partner Hawaii Energy, negotiates the fee, develops the contract Scope of Work on behalf of the client
- HTDC's Contracts Administrator, Controller, CEO and the HTDC-MEP Center Director review approve the Letter of Agreement between HTDC and the vendor/consultant (both agreements document the Scope of Services, deliverables, timetable, fees)
- HTDC-MEP staff reviews the performance of the contracted consultant and ensure that contract deliverables are met
- HTDC-MEP staff ensures that the final report and/or other deliverable(s) are completed and makes its cost-share payment to the energy consultant when all deliverables have been met

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
Yuka Nagashima 	Executive Director & CEO	<input checked="" type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Janice Kato	HTDC-MEP Center Director	<input checked="" type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Steve Sakuda	Controller	<input checked="" type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Wayne Inouye	MEP Senior Project Manager	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Board for oversight	Federal Programs Committee	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration

13. Direct inquiries to:	Department: High Technology Develop. Corp. Contact Name: Yuka Nagashima Phone Number: 539-3601 Fax Number: 539-3611
--------------------------	--

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

DEC 30 2010

_____ Date

Reserved for SPO Use Only	
	15. Date Notice Posted <u>1/4/2011</u>
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: <p align="center"> Chief Procurement Officer State Procurement Office P.O. Box 119 Honolulu, Hawaii 96810-0119 </p>	
Chief Procurement Officer's comments: <p>Although no written delegated procurement authority is required for a <i>Request for Exemption from Chapter 103D, HRS</i>, it is noted that Ms. Janice Kato has not taken the appropriate required mandatory procurement training. In conversation with SPO staff, Ms. Kato is aware of the requirements of written delegated procurement authority and mandatory training requirements. As a reminder, Ms. Kato cannot participate in procurement activities until the requirements of Procurement Delegation No. 2010-01 and Procurement Circular No. 2010-05, as appropriate have been met. This approval is for the solicitation process only, HRS section 103D-310(c) and HAR section 3-122-112, shall apply. This award is required to be posted on the Awards Reporting System.</p>	

16. APPROVED DISAPPROVED NO ACTION REQUIRED



 Chief Procurement Officer Date 2/7/2011

3. Description of goods, services (continued)

Background (continued): As specified in our federal contract with the U.S. Department of Commerce, National Institute of Standards and Technology (NIST), HTDC-MEP is obligated to provide assistance to small businesses to access solutions to technical and managerial problems, and “conduct the tasks necessary to provide the services or complete [its] objectives and plans timely and responsively.” To comply with NIST’s guidelines to conduct services, HTDC provides assistance via its in-house staff and also via contracting professional consultants. SPO granted HTDC-MEP an exemption from bidding (PE #10-007-K) when MEP clients request specific vendors and the costs are covered by the client. The MEP program maintains a good track record in the responsible and appropriate use of its current SPO exemption. As mentioned earlier, HTDC is now requesting an additional exemption for the MEP program, which is somewhat similar to the exemption already approved.

Description of the Service:

HTDC-MEP has received \$100,000 from federal NIST MEP to specifically assist Hawaii manufacturers adopt energy efficiencies to reduce their energy utility consumption. HTDC-MEP is partnering with Hawaii Energy, a ratepayer-funded conservation and efficiency program that is under contract by the Hawaii Public Utilities Commission (PUC). The program serves the islands of Oahu, Molokai, Lanai, Maui and Hawaii.

HTDC-MEP proposes to participate in Hawaii Energy’s existing Energy Study program (a state program already established and which maintains a network of energy consultants) that helps subsidize the cost of energy studies conducted for qualified Hawaii businesses in order to encourage “project decisions to install high efficiency equipment that would otherwise not be economically viable.” Hawaii Energy subsidizes up to \$10,000 or 50% of the cost of the energy study, whichever is less. **HTDC-MEP proposes to cost share up to \$5,000 per study or 50% of Hawaii's Energy's cost share, whichever is less, to support qualified manufacturing clients. The purpose of HTDC-MEP's cost-share is to further incentivize Hawaii manufacturers to invest in energy studies and realize operational cost savings.** HTDC-MEP staff will work with qualified manufacturers to provide guidance and counseling to further ensure the energy conservation projects’ success.

The energy studies identify operating and production areas where electric utility savings can be realized through energy conservation and through the purchase of new energy efficient equipment. The reports include technical findings relating to Energy Conservation Measures against the base case, engineering building plan recommendations, savings projections, payback period, lifecycle costs.

The various energy consultants that conduct the studies will be selected by the Hawaii manufacturers. In the few cases where the manufacturer requests a referral, Hawaii Energy will provide the manufacturer with a qualified list of vendors that have satisfactorily performed energy studies for Hawaii businesses in the past.