

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

'04 NOV 17 P3:01

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: Please see attachment.
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Name of Vendor: Address: Various	Cost: \$150,000 (Annually)
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Term of Contract: Various	From: Various	To:	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: Please see attachment
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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: Please see attachment

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

Please see attachment

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

Genevieve Salmonson, Office of Environmental Quality Control

Direct questions to:

Genevieve Salmonson

Phone Number:

586-4185

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.

Linda Rosen...
Department Head or Designee

NOV 16 2004

Date

for **DIRECTOR OF HEALTH**
Title (If other than Department Head)

Chief Procurement Officer's Comments:

This procurement exemption is approved for the DOH to obtain only the minimum number of RVMs necessary to provide for the gap areas for a period commencing from January 1, 2005 and ending April 30, 2005. The DOH shall use the 4 months to issue a solicitation and to execute a contract with contractor(s) to provide the necessary RVMs for the Deposit Beverage Container Program on a longer term basis. This exemption is for the solicitation process only, Chapter 103D-310, shall apply.

Please ensure adherence to applicable administrative requirements.

APPROVED

DISAPPROVED

Adam P. Fitch
Chief Procurement Officer

12/14/04

Date

cc: Administrator,
State Procurement Office

SPO Form-7, Attachment 1 of 1

**Dept. of Health, Environmental Management Division, Solid and Hazardous Waste Br.
Deposit Beverage Container Program – Reverse Vending Machines**

Description of goods, services, or construction:

This request relates to Hawaii Deposit Beverage Container Program activities.

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.

This request pertains specifically to the purchase, or lease, of reverse vending machines (RVM), and their 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). Beverage distributors are responsible for initial payment of the deposit to the Department of Health. The machines dispense either cash, or vouchers for all eligible deposit beverage containers that are deposited into the machine.

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

The Hawaii Deposit Beverage Container Act was signed into law in July 2002. It is codified in Hawaii Revised Statutes Chapter 342G and specifies a program start date of January 1, 2005 (including redemption activities).

In the two subsequent legislative sessions there were ongoing attempts to repeal the law implementing the program. The end result of this legislative process was Act 241 of the 2004 legislative session. The Governor chose to let the bill pass into law without signature; which took effect on July 21, 2004.

Until Act 241 passed the legislature, DOH focused primarily on addressing policy issues on the merits of the program. This summer DOH began to address operational issues. The deposit program has been extremely understaffed and did not get approval to fill its six appropriated positions until early October and is still working on filling positions. Existing staff is addressing a very large number of program issues related to program start up. Time is very short to complete start up work.

As described in the section above, the department is responsible for identifying redemption service gap areas and providing said services. The department anticipates service gap areas to exist on January 1, 2005. This means that RVMs will need to be ordered in November 2004 for delivery by December 2004 in order for state operated sites to operating by January 1, 2005. Conducting a formal Invitation for Bids process would prevent the department from establishing RVM based redemption centers in a timely manner.

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 competing vendors will be secured. Selection will be based on 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.