



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

11 JUL 25 A10:45  
 STATE PROCUREMENT OFFICE  
 STATE OF HAWAII

TO: Chief Procurement Officer

FROM: LIR-Office of Community Services (OCS)  
*Name of Requesting Department*

SUBJECT: Request for Exemption

Pursuant to HRS §103D-102(b)(4) and HAR Chapter 3-120, the Department requests a procurement exemption for the following:

1. Describe the goods, services or construction. Receiving, Storage, Transport, Delivery, and Logistical Services for dry good food commodities. The contractor currently receives and receipts for surplus USDA commodities ordered by OCS. Additional responsibilities include storage according to USDA regulations, tracking, and delivery to appropriate vendors for neighbor island delivery.	
2. Vendor/Contractor's Name : Pacific Express, Inc. dba Pac-X Warehouse Company	3. Amount of Request: \$ 85,000.00
4. Term of Contract: From: 11/18/2008 To: 09/30/11	5. Prior Exemption Reference No.:
6. Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means: The current contract is valid up to a maximum of \$100,000 <sup>(per year)</sup> . Payments to the contractor this year will exceed this figure. The current contract was negotiated in 2008 with two (2) options to extend. The following contract has already been put out to bid and has been awarded to the same vendor effective 10/1/2011. The only issue with the current contract is the cap amount put in during 2008. Unfortunately for the current contract, three (3) situations have arisen that have put the contract over the estimated cap amount. 1) We currently are receiving more surplus food than in previous years. This has increased our administrative costs for the program. 2) Shipping costs and warehouse costs have increased over the previous three (3) years. 3) OCS pays trucking costs for delivery of the food. One of our vendors has subcontracted our contractor for trucking services, making it appear to DAGS as if the invoices they submit should be charged to the contract, when in fact they are separate services outside the scope of the contract that happen to be performed by the same vendor. The vendor has already been awarded the bid for the next Federal biennium, another vendor providing this service would only cause transportation and warehousing costs to move existing inventory, as it has been shown through the IFB process the current vendor is the lowest bidder.	
7. In selecting the vendor/contractor, explain in detail, the process the department will utilize to maximize fair and open competition: OCS issued an IFB for the contracted services for the current period and for the subsequent period to begin 10/1/2011. In both cases, the current vendor was the most responsive and lowest bidder. The only challenge with the current contract is the cap amount was estimated in 2008 under different economic times. OCS is requesting we be allowed to continue services with the current vendor up until the new contract date without re-procuring for the period in which we are over the cap, namely July-September. We have estimated \$85,000 will cover the difference in costs.	

8. Identify the primary individual(s) who is knowledgeable about this request, who will conduct and manage this process and has completed mandatory training. ( Type over "example" and delete cells not used)

Name of Department Personnel	Division/Agency	Phone Number	e-mail address
En Young	OCS	586-8675	En.H.Young@hawaii.gov

9. The department shall ensure adherence to applicable administrative and statutory requirements, and all requirements, approvals, and internal controls for this request are the responsibility of the department.

*I certify that the information provided above is, to the best of my knowledge, true and correct.*

  
 \_\_\_\_\_ JUL 21 2011  
 Department Head Signature Date

Reserved for CPO Use Only  
 Date Notice Posted 7/26/2011

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

Although no written delegated procurement authority is required for a *Request for Exemption from Chapter 103D, HRS*, the department is reminded that individual(s) participating in procurement activities must be in compliance with Procurement Delegation No. 2010-01 and Amendment 1, and Procurement Circular No. 2010-05, as appropriate. Procurement Delegation No. 2010-01, Amendment 1 states “. . . procurement requests submitted to the SPO from departmental personnel without written delegated procurement authority and the appropriate mandatory procurement training will be returned.” The SPO does not have a record of attendance at the appropriate mandatory procurement training for the individual named in no. 8.

Approved   
  Disapproved   
  No Action Required

  
 \_\_\_\_\_ 7/25/2011  
 Chief Procurement Officer Signature Date