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PROCUREMENT OF
STATE OF HAWAII

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

- 1. TO: Chief Procurement Officer
- 2. FROM: Department of Land and Natural Resources, Engineering (DLNR)

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:

Hana Revetment / Boat Loading Dock:

The "hardening" of the bulkhead (cast-in-place concrete with reinforcement) and on the deep ocean side of the revetment (installation of a layer of boulders); and, repairs to the existing boat loading dock. This scope of work was removed from the original scope when bids exceeded available funds.

Additional funding from the Legislature was appropriated and has been allotted to complete the full scope of work, which included construction of an American with Disabilities Act (ADA) accessible ramp, boat loading dock, pavement surfacing to the revetment, "hardening" of the bay side of revetment wall and repairs to the existing boat ramp.

4. Name of Vendor: Abhe & Svoboda, Inc.

Address: 91-161 Olai Street
Kapolei, Hawaii 96707

5. Price: \$2,651,956
~~\$3,824,646.02~~

6. Term of Contract:

From: *CPO approval* 10/11/2010 To: *4/30/2012*
12/5/2011

7. Prior Exemption Ref. No.
0

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

See page 4

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

The vendor, Abhe & Svoboda, Inc. (ASI) was selected based on the sealed competitive bid process. Due to a shortfall in available funds, the scope was reduced and funded by the items described in the first paragraph of item 3. DLNR requested and received an additional \$ 3,125,000 from the 2011 Legislature to complete the improvements to the Hana Revetment/Boat Loading Dock. The completed improvements will provide for ADA accessibility, as mandated, and preserve the project improvements from the premature deterioration and depreciation eliminating constant repair and maintenance.

We are requesting exemption from bidding and permission to negotiate with the vendor to complete the improvements that were removed from the original bid to finish the project as intended, to provide a safe and accessible boat loading dock and boat ramp in Hana, Maui.

REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)

10. A description of the agency's internal controls and approval requirements for the exempted procurement:
 ASI was awarded the contract as the low bidder in the sealed competitive bid process. The low bid was higher than the available funds. The DLNR opted to proceed with a reduced scope contract deleting items for the hardening of the entire revetment and negotiated cost with ASI utilizing the bid items as a basis. In restoring these deleted items now, the original bid line item cost will similarly serve as a basis of comparison. Changes/increases in prices will also be compared to industry standards.

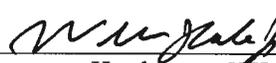
12. A list of agency personnel, by position, who will be involved in the approval process and administration of the contract:

Name	Position	Involvement in Process	
Alvin Satogata	Project Engineer-Design Section	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Gordon Chong	Acting Design Section Head	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Dickey Lee	Branch Head	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Alyson Yim	Acting Chief Engineer	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration
		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration

13. Direct inquiries to: Department: DLNR, Engineering
 Contact Name: Carty Chang
 Phone Number: 587-0230
 Fax Number: 587-0283

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.*

 10/5/11
 Department Head WILLIAM J. AILA, JR, CHAIRPERSON Date

Reserved for SPO Use Only	
	15 .Date Notice Posted <u>10-5-11</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="right"> Chief Procurement Officer State Procurement Office P.O. Box 119 Honolulu, Hawaii 96810-0119 </p>	

REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)

Chief Procurement Officer's comments:

Due to a shortfall in available funds, the department reduced the scope of services for Job No. B43XM71A. Subsequently, the department received an additional \$3,125,000 from the 2011 Legislature to complete the scope of services previously procured pursuant to Job No. B43XM71A. Based on the above, approval is granted to complete the remaining scope of services for Job No. B43XM71A and the installation of the waterline and electrical conduits for approximately \$41,000 as it would not be practicable or advantageous to separate this task or to complete it at a later period.

This approval is for the solicitation process only, HRS section 103D-310(c) and HAR section 3-122-112, shall apply and award is required to be posted on the Awards Reporting System.

16.



APPROVED



DISAPPROVED



NO ACTION REQUIRED


Chief Procurement Officer

11/7/2011
Date

Request for exemption from Chapter 103D, HRS (cont.)

Continued from page 1

8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State:

CHRONOLOGY OF EVENTS:

The revetment at the Hana Ramp, an armor rock and underlying cobble fill layer, has been structurally compromised from constant wave action. During a severe storm in 2004, several areas of the revetment collapsed and exposed the fill material to wave action. Also, a portion of the pre-cast concrete boat ramp slab was lifted by the storm waves, which DLNR personnel reinserted back in-place. Emergency and temporary repairs have kept the boat ramp barely useable for the launching of commercial and recreational boats. The closest public boat ramp facility is the smaller Keanae Ramp, located approximately 20 miles west of the Hana Ramp.

Because the Hana Ramp is a public facility, the boat loading dock is mandated to be ADA accessible. It remains prudent to structurally repair and strengthen the revetment while repairing the existing boat loading dock and boat ramp to preserve the dock and ramp from damage by constant wave action.

The Legislature provided a total of \$3,106,000 for this project in FYs 06 and 07, and two bids opened on June 24, 2008 exceeded available funding. Accordingly, DLNR negotiated a reduced scope of work with the low bidder, ASI, rendering the boat ramp useable. The original scope was adjusted as show below.

DELETED:

- Hardening of the bulkhead and deep ocean side of the revetment
- Repairs to the existing boat loading dock

REDUCED SCOPE (currently under construction):

- New ADA accessible ramp and boat loading dock
- Repairs to the boat ramp
- "Hardening" of the bay side or the revetment

The contract with ASI was fully executed with the notice to proceed date of October 11, 2010 and scheduled for completion on December 5, 2011.

The DLNR requested and received an additional \$ 3,125,000 for FY 2011 to complete the project as it was originally intended. We are now requesting your approval to utilize alternative procurement method by negotiating with the contractor, ASI to reinstate the scope of work which was previously deleted.

JUSTIFICATION:

a. Cost Savings for Interface/Re-Work/Mobilization

Having to advertise and bid for this project will be costly as our Consultant will be required to revise the drawings and process permitting approvals from Department of Army, State and County of Maui.

Other costs include mobilization and demobilization costs, which are estimated at \$700,000. This cost will decrease if we are allowed to retain ASI for this project. Additionally, construction managements costs of approximately \$150,000 can be anticipated if we continue to separate these projects due to additional interface/re-work involved and prolonged construction period.

By integrating these projects into one project, we can benefit from economies of scale in purchasing, transportation logistics and installation of materials, labor and overhead.

By granting an exemption (reintegrating the previously deleted portion of the original bid to the project currently under construction), the work process and sequencing can proceed without interruption and duplication, while also eliminating added costs. Further, coordination between disciplines, re-work, work-in-progress and accountability is minimized.

b. Project Time

Time is of the essence. The sooner the improvements are completed; the risks to the integrity of the Hana Revetment and consequently, the users will be minimized. Bidding this project will delay the completion of the full project by additional design required for permitting, bidding, contract processing and construction. Consolidating the work, preventing potential damage to the new and repaired ramps and new boat loading dock is a sound and prudent decision.

c. Health and Safety

Delaying completion of the hardening of the entire Hana Revetment will increase the possibility of additional damage to the revetment which may compromise the safety to users.

d. Permits

Maintaining the separation of this project will require obtaining new Department of Army, Nationwide Permit 3(Maintenance); State DOH/Clean Water Branch, Section 401, Water Quality Certification; State DBEDT, CZM Application;

County of Maui, Shoreline Setback Variance. Processing of these permits are done by others whom we have no control and may be a lengthy process. As previously mentioned, obtaining new permits will also require new plans and possible including "as-built" drawings for the current construction incurring additional consultant costs.

e. Bid Savings

Bidding this project as a separate new project will require that the bid package, plans and specifications be revised and repackaged resulting in increased consultants' fees. Additional cost for scanning and printing of plans and specifications also will be incurred.

f. Operation and Start-up Savings

Having two separate construction projects will result in the duplication of these services and consequently additional costs.

g. Number of Bidders

There are only two to three contractors who are anticipated to bid on a similar project. Only two contractors submitted bids for the original project. It remains highly unlikely that a better price could be obtained by bidding.

Attached is a table with the estimated cost comparison if we were to bid this project or reintegrate this project with ASI, who was the successful bidder on the original bid and is currently under construction for the ADA accessible ramp, New Boat Loading Dock and repairs to the existing boat ramp. Based on our analysis, the cost benefit to the State is estimated at \$2.3 million.

In summary, bidding this project will result in additional costs, increased risk to the revetment and a prolonged completion schedule. It is clear that the intent was for the original project, which low bid was competitively bid and opened on June 24, 2008, to be constructed in its entirety. However, due to funding, the scope of the original project was reduced to construct the new ADA accessible ramp, new Boat Loading Dock with a "hardened" bay side revetment, and repairs to the existing Boat Ramp. Due to the impacts of not funding all items of work, additional funds are being made available to reinstate the original scope of this work. Considering this history and the consequences, it is not practical or advantageous to the State to competitively bid this project again; hence, we are requesting your consideration in our request for exemption from Chapter 103D, HRS. The exemption will allow DLNR Engineering Division to negotiate with ASI, the low bidder in constructing improvements for the entire Hana Revetment which was originally intended without enduring additional redesign, permitting, rebidding costs, protracted construction schedule and threat of health and safety to the community.

COMPARITIVE COST ANALYSIS

Hana Ramp – Improvement to Rock Revetment
and Boat Ramp Loading Dock
Hana, Maui

	<u>New Bid</u>	<u>Reintegration</u>
Deleted Items from Bid Proposal	2,500,000	1,632,156
Escalation due to Increase in Labor and Fuel Cost	500,000	Not Applicable
Mobilization/Demobilization	700,000	159,800
Cost of Materials due to Delay and Loss of Economies of Scale	300,000	Not Applicable
Design Costs	15,000	Not Applicable
Permitting Costs	25,000	Not Applicable
Construction Management	150,000	50,000
Plans and CD for Bidding	5,000	Not Applicable
DLNR Administrative Cost	40,000	15,000
Contingency	400,000	360,000
	<hr/> 4,595,000	<hr/> 2,216,956

9/28/2011