



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

12 MAY 18 P1:52

STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: Department of Transportation, Airports Division
Name of Requesting Department

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:
Project No. AH1061-13, Hilo Hold Cargo and Light Industrial Facility, was bid in April 2008 for \$28M. The project scope included a cargo building, parking lot, airfield apron and taxiway. The project was put on hold due to the financial crises. In June 2009 the State negotiated a reduced scope and price with the contractor without the building and only awarded and executed a contract for the Apron & Site Work for \$15M so that Federal funds could be utilized. The remainder of the project that was deferred, which included the building, would have cost and additional \$13.9M. The Apron & Site Work project started construction in October 2009 and is nearing completion. The State now has the funding to complete the project. The state has negotiated with the contractor to construct the remainder of the project for \$13.24M. The State wishes to proceed with the remainder of the project by amending the current contract instead of re-bidding the work.

2. Vendor/Contractor/Service Provider: Isemoto Contracting Co., Ltd		3. Amount of Request: \$ \$13,236,561.00
4. Term of Contract From: June 1,2012	To: 01-Jun-13	5. Prior SPO-007, Procurement Exemption (PE):

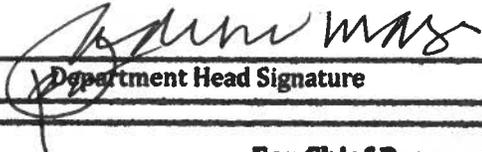
6. Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means:
See attached supplemental sheet.

7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:
See attached supplemental sheet.

8. Identify the primary individual(s) who is knowledgeable about this request, who will conduct and manage this process, and has 1) completed mandatory training; and 2) who may contact for follow up inquiry, if any.
 (Type over "example" and delete cells not used.)

Name of Department Personnel	Division/Agency	Phone Number	e-mail address
Jeffrey Chang	DOT	838-8835	jeff.chang@hawaii.gov

**All requirements/approvals and internal controls for this expenditure is the responsibility of the department.
 I certify that the information provided above is, to the best of my knowledge, true and correct.**



 Department Head Signature

 Date

For Chief Procurement Officer Use Only

Date Notice Posted: 5/24/12

Submit written objection to this notice to issue an exempt contract within seven calendar days or as otherwise allowed from date notice posted to:

state.procurement.office@hawaii.gov

Chief Procurement Officer (CPO) Comments:

This request is approved with the condition that the contractor, Isemoto Contracting Co., Ltd. (Isemoto) agrees to the scope of work with no reductions to the scope for the entire amount of \$13,236,561 with no price increase or change order(s) allowed under any circumstances. The department shall execute a binding contract with Isemoto for the conditions stated above. Should Isemoto not perform, the department shall seek resolution via the performance bond.

HRS section 103D-310(c) and HAR section 3-122-112, shall apply (i.e. vendor is required to be compliant on the Hawaii Compliance Express) and award is required to be posted on the Awards Reporting System. If there are any questions, please contact Kevin Takaesu at 586-0568, or kevin.s.takaesu@hawaii.gov.

Approved
 Disapproved
 No Action Required



 Chief Procurement Officer Signature

 Date

Notice of Request for Exemption from HRS Chapter 103D – Supplemental Sheet AH-1061-13, Hold Cargo Building and Light Industrial Facilities

Question 6 Response

To procure by competitive means requires re-bidding the project. The State has determined it is in its best interest to amend the current contract instead of re-bid for the following reasons:

1. The project was previously competitively bid and the current contractor, Isemoto Construction Company (ICC), is willing to stay within the current budget by agreeing to minor scope reductions to offset escalation costs.
2. In order to re-bid the project, plans and specifications would need to be revised to advertise for the building portion only. The plans would need to be repackaged for the building only and the newly built conditions of the site work would need to be added to the plans. This re-design cost would be approximately \$100,000.
3. Another Building Permit fee would need to be paid costing \$30,000.
4. The contractor has not requested labor cost escalation which increased 8% from 2010 to 2012.
5. There are State administrative costs to advertise, bid, award and execute a new contract.
6. The 6 month time period to re-bid the project would increase construction cost by approximately 1.5%.

Question 7 Response

An analysis was performed to verify if amending the current contract is better financially than re-bidding the contract.

1. *Proposal Schedule Attachment* – This attachment shows in the 2008/Phase II column grey rows items the State has removed from the original scope of the project to remain within the budgeted funds available. The comparison between 2008/Phase II column and 2012/Phase II column shows ICC is holding the originally bid 2008 pricing except for the concrete curb work where scope was reduced that was not needed. This analysis shows amending the contract is in the best interest of the State because the contractor's prices are essentially the same as in the original bid.
2. *Proposal Schedule Comparison Attachment* – The top chart shows the prices for the new work for all the contractors who originally bid if they all held their prices as ICC is proposing. This chart shows ICC would remain the low bidder if all the original contractors who bid held their pricing.

The lower chart shows the cost increases if all the original contractors who bid did not hold their original pricing. This shows ICC would still remain the low bidder but the potential cost increase of a re-bid is higher than the State's budget.

For the above reasons it is in the best interests of the State to amend instead of re-bid the project and the State would follow the contract amendment process to procure the additional work.