



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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NEIL ABERCROMBIE
GOVERNOR

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DIRECTOR

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July 13, 2012

Mr. Aaron Fujioka, Administrator
State Procurement Office
Department of Accounting and General Services
1151 Punchbowl Street, Room 230-A
Honolulu, Hawaii 96813

Dear Mr. Fujioka:

I am writing to request a reconsideration of our original request for exemption from HRS Chapter 103D (SPO-007 Ref#12-105K) pertaining to services provided by Reynolds, Smith and Hills, Inc., which was originally denied because of non-compliance with HAR Chapter 3-122, subchapter 4.5 relating to source selections for federal grants.

As noted in our original request, S.B. 112 from the 2012 Session (now Act 101) provides State general funds to support the environmental assessment studies required for our State to apply for a commercial spaceport license from the Federal Aviation Administration (FAA). However, although the original bill draft allocated \$500,000 to underwrite these studies, the final draft of this legislation (as approved by the House-Senate Conference Committee on May 1, 2012, and passed by the Legislature on May 3, 2012) reduced the funding amount by half, with a requirement of a federal funding match to complete the required studies.

Recognizing the urgent need to identify a source for the required federal match, the Office of Aerospace Development (OAD) contacted the FAA on May 4, 2012, to inquire about possible federal funding opportunities, and was informed that a Space Transportation Infrastructure Matching (STIM) Grant from the FAA could provide a source for the required federal match. However, the deadline for applying for this award was due on 12:00 PM on May 11, 2012, to the FAA's Commercial Space Transportation Office in Washington, D.C. This provided OAD with less than seven calendar days (five working days) for our State to comply with the grant proposal submission deadline (including delivery time).

Furthermore, the STIM grant application mandated a 10% private sector match for the award, requiring OAD to identify a company that would be both qualified to conduct the proposed environmental assessment studies (that would involve "over-water flight corridors") and able to make the 10% match. OAD is familiar with the companies that are currently conducting environmental assessment studies for other state commercial spaceport licenses, and was able to identify one (Reynolds, Smith and Hill, Inc.) that had both conducted assessments of

STATE PROCUREMENT OFFICE
STATE OF HAWAII

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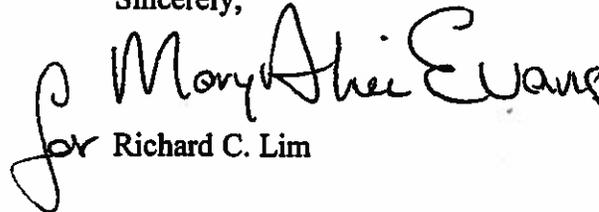
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"over-water flight corridors" (for the Cecil Field Spaceport in Jacksonville, Florida) and that was willing to contribute a 10% private sector match.

In order to meet the delivery requirements from Hawaii, the application would have had to be finalized and sent to FAA on May 8, 2012. However, the Governor had not signed S.B. 112 into law yet. Governor Abercrombie signed S.B. 112 (Act 101) into law on May 10, 2012, guaranteeing the required \$250,000 match from State general funds. As the application submission also required a letter from a company guaranteeing the 10% private sector match, RS&H agreed to mail the final proposal to the FAA from their Florida office on May 10, 2012, in order to meet the noon deadline the next day.

In light of the above timing constraints, we believe it was not possible to comply with the usual R.F.I. procedures normally required in source selections for federal grants, and therefore respectfully request your reconsideration of our request for exemption from HRS Chapter 103D.

Sincerely,


for Richard C. Lim

Attachments:

SPO-007 – Procurement Exemption No. 12-105K
Governor's Message No. 1203
Certificate of Vendor Compliance
Grant Application

CPO COMMENTS: Approval is granted based on the department's determination that an exemption from HAR chapter 3-122, subchapter 4.5, *source selection for federal grants* was the only option available to meet the May 11, 2012 federal application deadline. This approval is for the solicitation process only, 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


Chief Procurement Officer Date 7/18/2012

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