



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

12 NOV 26 P2:16

STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: Department of Agriculture
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:
Construction of a pilot-scale feed mill pursuant to Act 122, Session Laws of Hawaii 2012. The feed mill would need the capability to do nutritional analysis of feed as well as have classrooms to serve as educational facilities. The desire is for the feed mill to be able to produce at a commercial scale to judge the feasibility of locally grown and sourced animal feed. Vision is for a \$4 million feed mill facility with the state providing a portion of that funding.

2. Vendor/Contractor/Service Provider:	Oceanic Institute	3. Amount of Request:
		\$ 450,000
4. Term of Contract From: 12/1/2012 To: 12/1/2015 6/30/2014	5. Prior SPO-007, Procurement Exemption (PE): <i>DOB 12/21/12</i>	

6. Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means:
While there are companies with experience in processing and producing feeds there are no companies that are currently producing feed at a commercial scale here in Hawaii. Land O'Lakes Purina Feeds is the largest seller of livestock feeds in Hawaii; they, along with large scale seed corn companies including: Monsanto and Syngenta, biofuels producers such as Pacific Biodiesel, and ranchers who have been experimenting with growing feed such as Big Island Dairy all participated in an Animal Feed Workshop put on by the DOA on August 15, 2012. One of the priorities that was identified as a result of the workshop was the endorsement of the Oceanic Institute (OI) feed mill as necessary to test the economic feasibility of locally grown feed. At an experimental level, OI has been using locally available ingredients to create animal feeds. OI also has federal funding in hand that would be lost if they are unable to come up with the matching state funds which would result in a loss to the department of \$1.7m in federal funds, \$1m in federal funds that have already been spent for equipment, and \$800,000 in private funding. Furthermore, \$900,000 of state funding has already been obligated for the project. In total, \$450,000 would be leveraged to fund a \$4.9m feed mill project.

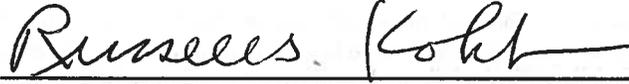
7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:
Oceanic Institute has been identified as being the most experienced feed producer in Hawaii due to their long experience with their livestock feed mill at their Makapuu facility. This expertise was identified by the Senate Agriculture Committee in their committee report for Senate Bill 2695 that ultimately became Act 122, SLH 2012 where they urged "the Department of Agriculture to work collaboratively with the Oceanic Institute to further develop locally grown livestock feed as a step toward lessening Hawaii's dependency on imports". Furthermore, OI already has \$4.4m dedicated to the project but would require an infusion of \$450,000 that would provide the necessary match to release the remaining \$1.7m in federal funds.

8. Identify the primary responsible staff person(s) conducting and managing this procurement. (Appropriate delegated procurement authority and completion of mandatory training required).

*Point of contact (Place asterisk after name of person to contact for additional information).

Name	Division/Agency	Phone Number	e-mail address
Brian Kau	Agricultural Resource Management Division	808-973-9473	hdoa.arm@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

11/20/12
Date

For Chief Procurement Officer Use Only

Date Notice Posted: 11/27/12

Inquiries about this request shall be directed to the contact named in No. 8. 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:

Approval is granted for the period 12/01/12 to 06/30/14 and 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 Bonnie Kahakui at 587-4702, or bonnie.a.kahakui@hawaii.gov.

Approved

Disapproved

No Action Required

 11/4/2013
Chief Procurement Officer Signature Date