



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

13 MAR 11 AIO :28

STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: Department of Accounting and General Services
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:
Location: State Haleakala Radio Facility.
Scope: See Attachment A - Section 3.1 Description of Work - IFB-11-003.

2. Vendor/Contractor/Service Provider:	Oahu Air Conditioning Service, Inc.	3. Amount of Request:	\$ 58,474.00
4. Term of Contract From:	00/00/13 5/1/13	To:	00/00/14 4/30/14 10/2/13
		5. Prior SPO-007, Procurement Exemption (PE):	N/A

6. Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means:
This work was openly competed and initially procured through IFB-11-003. It was awarded to Oahu Air Conditioning Service, Inc., and Contract No. 60397 was executed. Oahu Air purchased the air conditioning equipment (MarvAir AVP42 AC Unit) and stored it at their Maui office, awaiting further instructions from ICSD. However, such instructions were not given to Oahu Air and the contract eventually expired on or about August 2012. The air conditioning equipment installation and associated work still needs to be done at the Haleakala site. The delay in initiating the work was initially due to confusion about the need to get an electrical permit from the County of Maui, which was further exacerbated by shortage of radio personnel resources due to conflicting priorities of multiple concurrent radio projects. The warranty of the purchased air conditioning equipment is specifically tied to Oahu Air. With all of these complications, re-bidding this project will very costly and likely to expose ICSD to possible litigation. County of Maui, Permit Office stated that the State is exempt from the requirement for an electrical permit. ICSD believes the most prudent course of action is to request this exemption to re-engage Oahu Air to complete the work.

7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:
As explained above in section six, Oahu Air Conditioning Service, Inc. 's contract expired on June 29, 2012. The new air conditioner that Oahu Air purchased for the job was never installed. In the aftermath, ICSD requested and paid Oahu Air's invoice for the air conditioner equipment purchase. At this time, there is an increased risk of failure of the existing Haleakala Radio Facility air condition unit. Lack of air conditioning will result in overheating of equipment which will in turn lead to disruption of the State's telecommunications network. Since Oahu Air purchased the new air conditioning unit, the warranty is through them. Accordingly, we requested a new installation and maintenance quote from Oahu Air with the intent of asking for an exemption. Oahu Air took approximately two months to respond. Their delay was caused by the need to find a new electrical contractor. The original electrical subcontractor declined the work. (Attachment B - Correspondence) This new quote includes a 1 year manufacturer's extended warranty for replacement parts. An exemption is being requested for the following reasons: If ICSD were to put out another solicitation, 1) It is questionable if any other company would bid for it, 2) ICSD's equipment warranty would be in question and, 3) Oahu Air could file a protest if another vendor was awarded the job.

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
David Fujimoto	ICSD/TSB	586-1930 x616	david.h.fujimoto@hawaii.gov
Sharon Wong	ICSD/Admin	586-1920 x309	sharon.n.wong@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

3/11/13

Date

For Chief Procurement Officer Use Only

Date Notice Posted: 3/18/13

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 05/01/13 to 04/30/14. 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 Bonnie Kahakui at 587-4702, or bonnie.a.kahakui@hawaii.gov.

Approved

Disapproved

No Action Required

Chief Procurement Officer Signature

5/1/2013
Date