



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

'13 APR 12 A8:07

STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: DBEDT
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:
Transfer, customize and implement the electronic leave record system currently installed at the Department of Commerce and Consmer Affairs (DCCA).

2. Vendor/Contractor/Service Provider:	Data House	3. Amount of Request: \$ 20,000 to 30,000
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4. Term of Contract From: Apr-13 To: 12/30/2013	5. Prior SPO-007, Procurement Exemption (PE):
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6. Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means:
Please see attachment

7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:
If the exemption is approved, DBEDT will enter into direct negotiations with Data House to evaluate what modifications will need to be made and the cost for these modifications.

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
Ken Kitamura	ASO	586-2433	kkitamura@dbedt.hawaii.gov
Eileen Harada*	ASO/C	586-4150	ekharada@dbedt.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.

Mary Alice Evans

Department Head Signature

4-9-13

Date

For Chief Procurement Officer Use Only

Date Notice Posted: *4.12.13*

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:

The department's request for procurement exemption for the development of an electronic leave system (ELS) was disapproved over a year ago (PE12-084B) due to lack of justification/information. This newly submitted request again lacks justification for approval. A vendor's experience with the development of an ELS for a state agency (DCCA) to now assist other State agencies with the learning curve in the development, programming and implementation of a similar system does not justify an exemption. Information technology is very competitive, and as a governmental entity expending public funds, we are obligated to seek competition in the marketplace, to provide other vendors the opportunity to offer their products and services.

This request is disapproved. Department should conduct a competitive process using small purchases, competitive sealed bidding or proposals methods of procurement.

If there are any questions, please contact Donn Tsuruda-Kashiwabara at 586-0565, or donna.tsuruda-kashiwabara@hawaii.gov.

Approved

Disapproved

No Action Required

Donn Tsuruda-Kashiwabara
Chief Procurement Officer Signature

4/25/2013
Date

Data House created this system for DCCA approximately 10 years ago and over the years has worked with DCCA to establish and customize a system which satisfies the State's requirements for compliance. The State's leave record system is complex, requiring a system which implements State personnel laws, administrative rules, and provisions in the various collective bargaining agreements. Additionally, documentation such as the G-1, physician's notes, parent/teacher conference forms, and other documents must be incorporated into the system when applicable. Over the years, DCCA has worked closely with Data House to develop a system which is refined and non-problematic. In order to reach this point, DCCA has invested a significant amount of money and time in the development, customization, and implementation of this program. DCCA has represented to DBEDT (and this has been confirmed by all respective Attorneys General) that DCCA owns the code and can freely transfer the code to any other state agency. Upon transferring the code, DBEDT will need to work with Data House on a minimal level to "tweak" a few things in the program. These "tweaks" include the setting up of different divisional routings and updating any software which will be configured with the program. In total, the amount of adjustments or changes to the program is expected to be very little. Based on the similarity in the organizational structure between DCCA and DBEDT, DBEDT staff worked with DCCA staff on understanding the program and evaluating its benefit to the department. After several meetings and learning that DCCA was willing to share the code with DBEDT, DBEDT staff concluded that the program could be implemented into DBEDT's system with minimal cost and modification. Since the program is already established, DBEDT would like to utilize the same program. In the long run, use of the same code will save on the cost of "re-inventing the wheel" and allow for DBEDT to utilize the program sooner than later. In the alternative, if DBEDT were to commit to utilizing the code and therefore conducted a procurement which would seek a firm to install and "tweak" the Data House program, it is anticipated that the bids submitted will be significantly higher or that the other vendors will need to "catch up" to the level of familiarity that Data House already has with the State Leave Program as well as the computer program which they created.