



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

13 JUL 19 A10:44

STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: Land and Natural Resources
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:
The additional construction of the asphalt concrete (A.C.) pavement for the Mana Drag Racing Strip project on Mana, Kauai. The additional new work consists of repaving the 2" thick, 60 feet wide, A.C. pavement from Station 14+20 to Station 28+54.35 (approximately a quarter of a mile). The additional work is identical to the base bid A.C. work (Station -1+10.00 to Station 14+20) being done by Jennings Pacific LLC.

2. Vendor/Contractor/Service Provider:	Jennings Pacific LLC	3. Amount of Request:
4. Term of Contract From:	7/8/2013	To: 9/5/2013
	7/19/13	7/22/13
5. Prior SPO-007, Procurement Exemption (PE):		None

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

7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:
The construction Contractor, Jennings Pacific LLC was selected because they were the lowest responsible and responsive bidder for the base bid construction contract (Contract No. 61965). We are requesting that their contract amount be increased \$260,000 by a Supplemental Agreement No. 1.

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
Dickey Lee*	DLNR - ENG DIV	587-0280	Dickey.H.Lee@hawaii.gov
Roger Masuoka	DLNR - ENG DIV	587-0276	Roger.H.Masuoka@hawaii.gov
Alyson Yim	DLNR - ENG DIV	587-0259	Alyson.K.Yim@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

7/18/13

Date

For Chief Procurement Officer Use Only

Date Notice Posted: 7/22/13

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 07/19/13 to 09/05/13 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. Copies of the HCE certificate and awards posting are required to be documented in the procurement/contract file.

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

8/1/2013

Date

Notice of Request for Exemption
Form SPO-007
Mana Drag Racing Strip

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

\$500,000 was originally appropriated for the design and construction of the race track. With this limited budget, we decided that in order to construct a viable project, the design, permitting, and construction would be limited to the first quarter mile of the race track. At that time, receiving additional funds to extend the improvements was not anticipated so the inclusion of additive alternate bid items into the proposal schedule was not sought. However, the combination of the authorization of additional funds for the project and favorable bid results, enable the A.C. improvements to be extended another quarter of a mile.

Jennings Pacific LLC, submitted a cost change proposal to do the additional work where they proposed to maintain their base bid unit prices. If approved, a Change Order will be issued to add \$260,000 to Jennings Pacific LLC's base bid Contract of \$846,550.36. We will also use part of the original contingency to do a portion of the additional work.

It is in the best interest of the State as efficient stewards of taxpayer dollars that Jennings Pacific LLC perform the additional work in conjunction with its existing contract instead of bidding the work out separately because of the reasons listed below.

1. **Safety**: The tolerances of A.C. pavement for Drag Strips are very strict. Any little bump or irregularity in the A.C. pavement could jeopardize the safety of the racing vehicles.

By bidding and contracting the additional work separately, a seam or cold joint would be created where the base bid project ends. Any seams or joints, especially running perpendicular to the path of travel, could be detrimental to racers driving at extremely high speeds.

The Garden Isle Racing Association (GIRA), who operates the drag strip facility, has also expressed their concern about seams in the A.C. pavement. They would prefer the construction of the base bid work and the additional work as a contiguous unit.

2. **Scope of Work**: The scope of work will not change. The additional work is identical to the A.C. repaving work of the base bid.

3. Additional Costs: By bidding the additional work separately, the State would incur other additional costs for design fees to prepare the bid documents, and additional permitting costs. The design consultant for this project estimates this cost to be approximately \$37,000.

Additionally, there will be a significant hiatus between the completion of the base bid portion and the start of construction for the additional work. The new Contractor will have mobilization/demobilization costs (15% of the construction cost is a commonly used percentage to estimate mobilization/demobilization).

Since the work is identical to the base bid, an analysis using the base bid unit prices was done to estimate the scenario of re-bidding the additional work (see attachment). The result was that due to the additional costs mentioned above, other bidders would not yield better pricing.

4. Delayed Start Time: By bidding the project out separately, an estimated 6 months to a year will be needed to design, advertise, and award the additional work as a new project. This could jeopardize the funding availability due to the funds lapsing on June 30, 2014. Additionally, this will delay the users of the race track from conducting key events that financially support their non-profit organization.
5. Additional State Resources: To bid the project out separately, State staff will spend unnecessary time to procure, and execute the design and construction contracts.