



STATE PROCUREMENT OFFICE
NOTICE OF REQUEST FOR EXEMPTION¹⁴
FROM HRS CHAPTER 103D

MAY 22 A 7:51

ADMINISTRATION
STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: DBEDT/Foreign-Trade Zone Division
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:
Architect and Engineering Services to complete the Foreign-Trade Zone International Trade Resource Center - Mauka Renovation project.

2. Vendor/Contractor/Service Provider:	Lou Chan and Associates, Inc.	3. Amount of Request:	\$ 24,071.31		
4. Term of Contract From:	1-Jun-14	To:	31-Jan-15	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:
Please see Attachment A

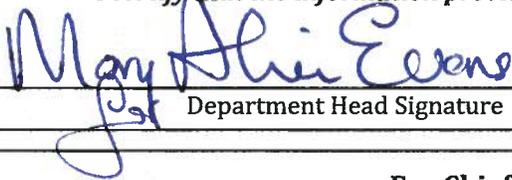
7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:
The Department of Business, Economic Development, and Tourism/Foreign-Trade Zone would like to select the vendor, Lou Chan and Associates, Inc., who originally held the contract for the project. This firm was initially selected through the Professional Services method of procurement due to their high rankings by the selection committee for their experience and professional qualifications on similar type projects, past performance on projects of similar scope, and their capacity to finish the work in the required time. They are the firm who developed all of the design and construction specifications and have the historical knowledge on the project. They also have already completed a majority of the necessary work to date. It was only due to the lack of extension provisions on the contract, the extended time needed to acquire additional funds to begin construction, and the extended time needed to complete the overall construction project that the existing contract lapsed.

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 Sikkink	DBEDT/ FTZ	587-5374	david.j.sikkink@ftz9.org

*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

5-21-14
Date

For Chief Procurement Officer Use Only

Date Notice Posted: 5/23/2014

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 with the understanding that the department has determined that it is not advantageous to conduct a competitive procurement to complete the final stage of the Pier 2 renovation project. This approval is for the period 6/1/2014 to 12/31/2014. This approval is for the solicitation process only, HRS section 103D-310(c) and HAR section 3-122-112, 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

6/19/14
Date

The Foreign-Trade Zone (FTZ) Division of the Department of Business, Economic Development, and Tourism (DBEDT) is in the latter stages of a \$10.5 million construction project to renovate a portion of its Pier 2 facility to create new office, conference, and shared working space to expand its program. This project is funded in part by a competitive grant from the Economic Development Administration and State of Hawaii Reimbursable General Obligation bonds.

The architect firm of Lou Chan and Associates was originally contracted through Professional Services procurement for the engineering and design work which began in July 2012. When contracted, the total time of construction was estimated to be nine (9) months and therefore eighteen (18) months was allocated to the subject contract which was deemed as sufficient time to complete the project from beginning to end. Because of this, no provisions for extensions were drafted as part of the contract. After the design had been completed, the project was put out to bid for construction. At that time the original budget for the project was \$7.5 million which was also estimated to be sufficient to complete all aspects of the project. Due to unforeseen circumstances, all bids on the project were, at a minimum, \$3.0 million over the budgeted amount. In order to continue the project, the FTZ needed to return to the Legislature and ask for the additional funding necessary to encumber the contract. Because the request needed to go through the legislative process, be approved in the final state budget, and the funds released by the Governor, there was a delay in starting the construction phase as the FTZ worked through this process. This delay severely reduced the allotted time of performance on the Architect & Engineering contract. The time deficiency was discovered at the time of contract lapse. It is important to note that the individual responsible for contracts management at the Foreign-Trade Zone was released from service about the same time as the Architect and Engineering contract lapsed due in part to poor contract management skills. The lapse was discovered in the process of reviewing outstanding contracts after the employee's departure.

The Architect and Engineering firm is critical to a project as they review requests and inquiries on design and construction issues from the builder during the construction phase. They also review and approve alteration requests to the design plan to ensure they meet the engineering specifications and required design elements.

Currently, construction is expected to be completed by November, 2014. The original budgeted contract amount for Architect and Engineering services was \$601,163.12. A total of \$577,091.81 has been paid on the contract to date, leaving \$24,071.31 remaining in the budget. Due to the limited time and budget remaining, and the current Architect's knowledge and accumulated history on this construction project, it is neither advantageous nor practicable for the State to procure a new Architect and Engineering firm.

The Department of Business, Economic Development, and Tourism rarely undertakes construction projects and therefore must create a list of applicable Professional Service vendors when needed as opposed to an annual list. This process also adds to the time necessary to select a vendor. When the original Architect and Engineering firm was selected through the Professional Services method of procurement, the process took roughly four (4) months from procurement notice to committee selection, and an additional two (2) months to negotiate with and contract the selected vendor. If started now, the selected vendor using this method of procurement would not be contracted until the final weeks of the project which would be of no value to the State in ensuring the successful completion of construction.