

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

15 AUG 14 P1:33

ADMINISTRATION
STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: DBEDT / HHFDC
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 and/or services:
Contractor will be responsible for the interim/temporary operation, management and maintenance of the Kulia I Ka Nu'u (formerly, Kahikolu) affordable rental housing project owned and operated by the State of Hawaii through the Hawaii Housing Finance and Development Corporation (HHFDC), an attached agency of the Department of Business, Economic Development and Tourism (DBEDT). The project is located in Waianae, Oahu, Hawaii and consists of 72 rental units located in six buildings, one common area/laundry building, one office/security/workshop building, one multipurpose resource building, and a 1.27-acre landscaped open space.

2. Vendor/Contractor/Service Provider: Kama'aina Realty		3. Amount of Request: \$ 90,000
4. Term of Contract From: 1-Sep-15	To: 30-Nov-15	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:
SEE ATTACHED.

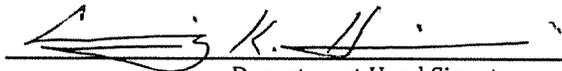
7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:
Given the time constraints and necessity for quick mobilization once the current management contract ends, HHFDC intends to enter into direct negotiations with Kama'aina Realty LLC to contract for temporary/interim management services only for such time that HHFDC is able to complete an RFP process for a permanent contractor. It is in the State's and HHFDC's best interest to contract directly with Kama'aina Realty for this temporary contract because: (1) Kama'aina Realty has critical knowledge and expertise in managing HHFDC affordable rental housing projects, thereby saving HHFDC time and resources in terms of training and set up costs; and (2) Kama'aina Realty is intimately familiar with the Kulia I Ka Nu'u housing project as a current on-site subcontractor, allowing for quick mobilization to the site once the current management contract terminates. In the meantime, HHFDC will be soliciting for competitive sealed proposals in accordance with HRS 103D and will award a permanent management contract for the property once the solicitation process is complete. This exemption request is for a temporary, short-term contract only to afford HHFDC sufficient time to conduct a competitive process as required by HRS 103D.

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
*Krystal-Lee Tabangcura	DBEDT/HHFDC	808-587-3179	krystal-lee.k.tabangcura@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

AUG 14 2015

Date

For Chief Procurement Officer Use Only

Date Notice Posted: 08/17/2015

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 has determined that an interim/temporary operation, management, and maintenance contractor shall be acquired to manage, maintain, and operate the Kulia I Ka Nu`u affordable rental housing property until the department can secure a permanent contractor via competitive sealed proposals. Approval is granted for a three-month period, from date of approval to 11/30/2015, to be used as a bridge period for the department to publish and award a competitive solicitation. This approval is for the solicitation process only. Pursuant to HRS section 103D-310(c) and HAR section 3-122-112, the procuring officer shall verify vendor compliance (i.e., the vendor is required to provide proof of compliance and may use the Hawaii Compliance Express) for all contracts awarded and the award is required to be posted on the Awards Reporting System. Copies of the compliance verification and the award posting are required to be documented in the procurement/contract file.

If there are any questions, please contact Stacey Kauleinamoku at 586-0571 or stacey.i.kauleinamoku@hawaii.gov.

Approved

Disapproved

No Action Required


 Chief Procurement Officer Signature

8/28/15
 Date

ATTACHMENT

FORM SPO-007

NOTICE OF REQUEST FOR EXEMPTION FROM CHAPTER HRS 103D

PROPERTY MANAGEMENT AND MAINTENANCE SERVICES AT KULIA I KA NU'U

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

The current property management contract for the Kulia I Ka Nu'u housing project ends on August 31, 2015. HHFDC had every intention of exercising its option to extend the contract and notified the current contractor of this intent, in writing, approximately 60 days before the end of the contract period. The current contractor refused to sign the extension unless HHFDC agreed to a price increase, noting concerns over rising costs to operate the property. HHFDC worked diligently and in good faith with the current contractor in an attempt to reach a satisfactory agreement. However, discussions with the current contractor have hit an impasse and HHFDC has determined that it is in the best interest of the State NOT to renew the current contract and to solicit for a new property management contractor.

To comply with HRS 103D, HHFDC would need to conduct an RFP process. Given that there are only a few weeks left before the current contract expires, it is not practicable for HHFDC to conduct an RFP at this time because the process would take months to complete and the housing project cannot go that long without the vital services provided by the property management company.

Given the immediate need for services at the rental project, and the short time period in which HHFDC has to conduct the appropriate solicitation process, HHFDC is hereby requesting an exemption from the competitive procurement requirements in HRS 103D to hire a temporary/interim property management company with specialized knowledge of State affordable rental housing requirements to immediately take over management and operation of the project after the contract expires on August 31, 2015. With an interim management company in place, the project would continue to receive the vital services it requires to care for its tenants, and HHFDC would have sufficient time to conduct an RFP process and solicit a new permanent contractor to manage, maintain, and operate the property.

In summary, it is not practicable or advantageous to procure by competitive means at this time because HHFDC needs a contractor who can mobilize on short notice and that has specific knowledge and expertise in managing affordable rental housing projects.

PELW-008SK