



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

ADMINISTRATION
STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: Hawaii Department of Agriculture - ADC
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 following is a list of goods to be supplied and assembled by the vendor: (4) 275-gallon tanks, (4) 2,500-gallon tanks, sensors, gauges, meters, tank insulation, pumps and controls, algae dryer over, papaya puree equipment, wastewater treatment equipment, piping, and fabrication labor. The specialized equipment needed for this project must be modified, and in some cases, fabricated to specifications in order for it to produce concentrated algae meal under real-world industrial conditions and evaluate the commercial potential of the process developed by the United States Department of Agriculture Pacific Basin Agricultural Research Center (PBARC) that converts heterotrophic algae/fungi from waste papaya into oil and feed products. For this project, ADC will purchase specialized equipment from Pacific Biodiesel Technologies, LLC (PBT) who specializes in biofuel production. In addition to the equipment, PBT will assemble and house the equipment temporarily until it's built to ADC's specifications and can be transferred to a permanent demonstration facility.

2. Vendor/Contractor/Service Provider:	Pacific Biodiesel Technologies, LLC	3. Amount of Request:	\$ 350,000
4. Term of Contract From:	Aug-15	To:	Feb-16
		5. Prior SPO-007, Procurement Exemption (PE):	PE15-020

6. Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means:
This request for exemption from HRS 103D is for purchasing additional necessary equipment for the successful operation of the zero waste facility. (Approved SPO PE15-020 was posted on 11/12/14). There are no other companies in Hawaii that have the specialized equipment, labor, and space to meet ADC's needs. If ADC is unable to acquire used equipment, the only other option would be to purchase equipment, most likely new, from a vendor outside of Hawaii. Due to limited resources, and the time and additional cost to ship the equipment overseas, this would not be economically feasible. With the recent closing of their Puunene facility on Maui, PBT has available parts specifically designed for biofuel production and space at its Hawaii Island facility to modify the equipment to ADC's specification. The equipment is in good condition, on-island, and currently being offered at a discounted price, which includes the cost to modify and fabricate the equipment. To memorialize this agreement, ADC entered in to a MOU with PBT to develop a temporary demonstration facility on its Hawaii Island facility. This will ensure repairs and modification are more readily available, should the equipment require servicing.

7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:
ADC obtained the specs for the critical pieces of equipment to conduct a cost comparison. After searching the internet for other vendors, we found a few who carry the specialized equipment for the zero waste process. Two companies were based in the U.S. mainland and the other in Germany. ADC made inquiries based on the specifications needed for the project. Every quote (assembly and shipping cost not included) exceeded ADC's allotted budget to complete the project. (Supporting documents were submitted with PE15-020).

