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STATE OF HAWAII  
REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS

PROCUREMENT OFFICE  
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: Department of Public Safety / Correctional Industries  
(Department/Division/Agency)

Pursuant to § 103D-102(b)(4), HRS, and Chapter 3-120, HAR, the Department requests a procurement exemption to purchase the following:

Description of goods, services, or construction:  
Correctional Industries requests an exemption for those contracts seeking to sell products and services to the private sector utilizing an inmate labor pool.

Name of Vendor: Various	Cost:
Address:	

Term of Contract: From: To:	Prior Exemption Ref. No. (if applicable)
Terms will vary. Initially, contracts are generally formed for one year.	

Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:  
  
See Attached.

Details of the process or procedure to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:  
  
No single vendor is chosen over another. Multiple purchasers of Correctional Industries' goods and services are not only allowed, they are desired.

A description of the agency's internal controls and approval requirements for the exempted procurement:  
 Previous to the Director of Public Safety signing any agreement, it must be reviewed by the Correctional Industries Business Manager, the Correctional Industries Administrator, the Department of Public Safety Deputy Director for Corrections, and the Deputy Attorney General.  
 The original executed contract is maintained in the Correctional Industries Business Office.  
 A copy of the executed contract is forwarded to Department of Public Safety Planning, Programming & Budget for their information and files.

A list of agency personnel, by position title, who will be involved in the approval process and administration of the contract:  
 The following personnel would be involved in the approval process and administration of the contract:  
 Gayle Kawamura, Correctional Industries Business Manager  
 Jonah Kaauwai, Correctional Industries Administrator  
 Frank Lopez, Department of Public Safety Deputy Director for Corrections  
 Bryan Yee, Deputy Attorney General  
 Richard T. Bissen, Jr., Department of Public Safety Interim Director

Direct questions to: Jonah Kaauwai, Correctional Industries Administrator	Phone Number: 587-3475
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This exemption should be considered for list of exemptions attached to Chapter 3-120, HAR: Yes  No

**I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS, TO THE BEST OF MY KNOWLEDGE, TRUE AND CORRECT.**

*Richard T. Bissen, Jr.*      4-1-05  
 \_\_\_\_\_  
 Department Head or Designee      Date  
 \_\_\_\_\_  
 Title (If other than Department Head)

Chief Procurement Officer's Comments:  
 Approval is only for contracts that CI provides a product and/or service, provided this approval does not conflict with the requirements of chapter 354, HRS.

Please ensure adherence to applicable administrative requirements.

APPROVED       DISAPPROVED

cc: Administrator,  
State Procurement Office

*Frank Lopez*      5/13/05  
 \_\_\_\_\_  
 Chief Procurement Officer      Date

**STATE OF HAWAII**  
**REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS**

**Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:**

Correctional Industries is a public safety program in which inmates may learn vocational skills, receive monetary awards for good work habits through inmate wages, and prepare themselves for civilian life. The program is unique among the rehabilitation programs in that it must be self-sufficient. All monies earned by the sale of goods or services are deposited into a revolving fund, and the revolving fund is used to pay administrative employees, inmates, raw materials, and overhead. If there is not enough money in the revolving fund, the program will terminate.

In order to remain self-sufficient, the program must be able to act like a private business and compete in the open market, selling goods and services to whomever is interested in purchasing them. The decision to sell these goods or services and upon what terms is motivated by the economics of the situation, the value of the goods or services provided, and the costs of the Correctional Industries program. No one is rejected, and Correctional Industries is open to selling its goods and services to anyone qualified to purchase them.

The types of goods or services vary depending on the market opportunities and the interests expressed by the private companies seeking to work with Correctional Industries. Accordingly, there is no way to predict what specific types of goods or services will be sold until individual companies come to Correctional Industries with a proposal, and Correctional Industries must have the ability to manufacture any product and provide such inmate labor services as specified by the customer.

This particular exemption does not seek to exempt the purchase of goods or services, only the sale of goods or services. A separate exemption request may be made regarding the purchase of raw materials.

Without this exemption, Correctional Industries could not function. The procurement process is most commonly used to obtain goods or services, not to sell them. The procurement process works best when the good or service is known and when one vendor is to be chosen over others. Neither is the case here. The procurement process is appropriate for government operations, but is less compatible with a business operation based on a private model. For all these reasons, an exemption from procurement of sales is needed in order for Correctional Industries to operate.