



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

RECEIVED BY
STATE PROCUREMENT OFFICE
11/24/2015

TO: Chief Procurement Officer

FROM: DBEDT / High Technology Development Corporation
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:

Development and demonstration of Advanced Transportation and Alternative Energy Technologies under a U.S. Air Force (AF) funded program to evaluate performance of these technologies at the National Demonstration Center for Alternative Fuel Vehicles at Joint Base Pearl Harbor-Hickam for use in ground vehicle fleets and aerospace ground support equipment. This program is funded solely by federal funds. No State general funds are utilized in this program. The \$20,000,000 in Section 3 is cumulative over the ^{SIX} years of the requested exemption.

A prior exemption was granted for four years. Due to the extended period of research and development projects and multi-year funding received, this request is for a ~~five-year~~ ^{SIX} exemption, which is aligned with the term of our new Cooperative Agreement.

SJM 11/30/15

2. Vendor/Contractor/Service Provider:	Various - selected by the Air Force	3. Amount of Request:	\$ 20,000,000.00
4. Term of Contract From:	12/23/2015	To:	12/22/2020 8/19/2021 SJM 11/22/15
5. Prior SPO-007, Procurement Exemption (PE):		11-026D	

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

The Hawaii Center for Advanced Transportation Technologies (HCATT), a program of the State's High Technology Development Corporation (HTDC), was selected by the U.S. Air Force (AF) to manage this program, based on its management of a consortium of organizations in the alternative fuel vehicle industry with the capability of meeting U.S. AF requirements for AF support equipment and ground vehicle fleets. The program, by nature, focuses on contracting with an established consortium of designated organizations. (please see attached continued sheets)

7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:

The Air Force funding office conducts an annual planning session with HCATT to determine the technology projects that are to be pursued for the coming year. Following this session, the solicitation process is initiated, wherein HCATT solicits the already identified, and Air Force approved, HCATT member for white papers. The Air Force encourages competition among the consortium members, as these members have already been recognized as having capability to meet the military's requirements for the designated advanced technologies. The white papers are evaluated by the Air Force and HCATT. The Air Force determines the evaluation criteria, which will vary based on the nature of the technology development and demonstration project. Following this evaluation, the Air Force makes a final selection of projects to be funded and designates which organizations should permit full proposals for funding.

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
Stanley Osserman *	DBEDT/HTDC	808-594-0100	stan@htdc.org
Kristy Carpio	DBEDT/HTDC	808-594-0100	kristyc@htdc.org
Robberta L. K. Melton	DBEDT/HTDC	808-539-3601	robbie@htdc.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

NOV 23 2015

Date

For Chief Procurement Officer Use Only

Date Notice Posted:

11/24/2015

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:

Approval is granted for the period 12/23/2015 to 8/19/2021 with the understanding that the Hawaii Center for Advanced Transportation Technologies will conduct a solicitation among the consortium of organizations and awards shall be made based on the nature of the technology development and demonstration project as determined and selected by the United States Air Force. 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 compliance (i.e., vendor is required to provide proof of compliance and may use the Hawaii Compliance Express) for all contracts awarded, and award is required to be posted on the Awards Reporting System. Copies of the HCE certificates and awards posting are required to be documented in the procurement/contract file.

If there are any questions, please contact Stanton Mato at 586-0566, or email stanton.d.mato@hawaii.gov.

Approved

Disapproved

No Action Required

Chief Procurement Officer Signature

12/9/15

Date

Continuation sheet for Section 6: "Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means:"

The HCATT Consortium was established in 1993 under a Department of Defense (DoD) Program to develop and demonstrate electric and hybrid vehicle technology. In the FY 93 Defense Appropriations Bill, Hawaii was designated to manage one of seven regional consortia, participating in the DoD program. The other consortia were managed by private, non-profit corporations, which were not encumbered by bureaucratic policies and procedures, and could expeditiously initiate the federally mandated projects. In order to compete effectively with the non-profit organizations, the State tasked the High Technology Development Corporation (HTDC) to manage the Hawaii consortium, since HTDC was established to accelerate the development of technology and was exempted from 103D, HRS, by the State Legislature. During the first two years, participation in the consortium was established through a solicitation process. Broad Agency Announcements for technology proposals were released through public media. The organizations that responded in the early years became the initial consortium members. Because this was a national program involving seven regional consortia, organizations became members of more than one consortium and a recognized group of industry experts was established. In subsequent years, Request for Proposals were sent out nationwide by the seven consortia management offices to all the participating members. For the Hawaii consortium, that responsibility rested with HCATT (formerly HEVDP) as the agent of the HTDC in charge of the federal program. As technology evolves, so did the consortium membership as it continuously changes. Some organizations drop out and others are added. These changes are based on past performances and future potential. As new participants are identified, they are included in the solicitation process.

The Air Force chose HCATT to manage this current program based on its skills and performance in managing the consortium under the initial DoD program and HCATT's relationship with and proximity to Joint Base Pearl Harbor-Hickam. Through attendance at national conventions, symposia, conferences, etc., the Air Force identifies organizations with the technical capabilities to participate in this program and advises HCATT accordingly. These organizations, if not already members, are added to the HCATT Consortium. Consortium membership changes continuously based on the evolution of technology within this industry. Consortium members are not "dues paying" members. They are simply a recognized body of technology experts who have successfully demonstrated the capability to participate in these federally funded advanced transportation technology projects. Some projects require partnering by two or more members in order to accomplish the goals of the projects. Consortium membership facilitates these partnerships. Consequently, to receive federal funding under this program, an organization must be identified as a consortium member as established above.

The Air Force funding office conducts an annual planning session with HCATT to determine the technology projects that are to be pursued for the coming years. Following this session, the solicitation process is initiated, wherein HCATT solicits the already identified HCATT members for white papers. In Section 8.00 PROCUREMENT SYSTEM of the Cooperative Agreement (CA), the Air Force instructs that the recipient's procurement system shall comply with the standards contained in 2 CFR 200 Section 317-326. The Air Force encourages competition among the consortium members however, and therefore does not want to add additional requirements that would cause undue delay in the execution of contracts to accomplish the selected projects. The consortium members have already been

Continuation sheet for Section 6: "Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means:"

recognized as having the capability to meet the military's requirements for the designated advanced technologies. The white papers are evaluated by HCATT and the Air Force. The Air Force determines the evaluation criteria, which will vary based on the nature of the technology development and demonstration projects. Following this evaluation, the Air Force makes a final selection of projects to be funded and designates which organizations should submit full proposals for funding.

The Air Force funds HCATT through a CA Award. The CA provides specific guidelines and identifies the projects that were based on the white papers (pre-proposals) submitted from HCATT consortium members. Based on projects identified in the CA, HCATT submits an invoice which is paid by electronic funds transfer from the Air Force to HTDC and deposited directly in the State account for HTDC. The HTDC Board of Directors has fiduciary responsibility for expenditures by HTDC, but has delegated this review and approval authority to HCATT Executive Director. However, neither the Board of Directors nor the HTDC Executive Director can approve a contract for award unless it has previously been selected and approved by the Air Force.

Current annual federal funding level is \$20 million and is anticipated that it will either remain at this level or increase as the scope of the projects expand to include deployment and maintenance of field testing phase technologies. Research & development projects often extend beyond the initial contract period requiring amendments to the contracts which could possibly extend beyond the initial term of the contract and a three-year exemption period. Based on prior experience and to minimize follow-on requests for exemptions, an exemption for ^{SIX} ~~five~~ ^{SIX} years is practical. Having the exemption was the basis upon which HTDC was chosen to participate in this federal program, and the lack of an exemption will significantly impair its ability to expeditiously execute contracts in support of decisions and selections made by the federal funding agency. Under the Air Force program, there remains a nucleus of qualified consortium members, who are solicited to submit white papers and proposals for the designated technologies that are reviewed by both HCATT and the Air Force, with final selection of projects made by the Air Force. This has been an effective and collaborative competition that enabled these programs to achieve the successes they have over the years.