



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

15 DEC 23 AM 11:14

ADMINISTRATION  
STATE PROCUREMENT OFFICE  
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: Department of Defense  
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:  
Isat M2M (Machine to Machine) Data service used to activate and control of outdoor warning sirens statewide. Monthly service fee is \$5 per siren, and \$4 per siren for volume quantity exceeding 100 units. Control Station activation fees are \$100, and Terminal Unit activation fees of \$20 apply, with with volume activation fees of \$15 per terminal. The estimated annual cost for the target quantity of 500 modems is expected to cost \$37,500.

2. Vendor/Contractor/Service Provider:	Skywave Mobile Communications, Inc	3. Amount of Request:
4. Term of Contract From:	Indefinite To:	\$ 37,500 Annually (Estimated)
		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:  
Relinquishing the existing reseller plan pricing from Skywave, would be very disadvantageous to the State, and would result in annual cost increases of from \$ 123,972 - \$212,718. This is impractical and far exceeds current budget available. In 2013, DOD executed an SPO-010 (Encl 1), to support the continued use of Satellite M2M service. The monthly cost of the Skywave M2M service was \$983.27 (\$4.35 per modem) monthly, or \$11,799.24 annually. The SPO-010 documented that the rates of other M2M resellers were 500-1,000% higher than Skywave. Based on the monthly average cost for M2M service in October 2015, the annual cost of continued use of the existing service plan is estimated to reach \$32,628 in 2016. If the service is purchased from another "reseller", the annual cost would be \$156,600- \$245,340. Skywave has agreed to the reseller plan through 2099. HI-EMA expects that our use of their Isat M2M service for at least the next 5 years. Request that the procurement exemption be effective for the 5 year period through December 31, 2021.

7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:  
Skywave is the provider of Isat M2M Satellite service. In 2010, Hawaii Emergency Management began purchasing small amounts of Satellite based Machine to Machine (M2M) data service from Skywave for the new siren control system. Based on the estimated 500 siren sites which were planned to be installed during the next 5-8 years, Skywave offered and agreed to a month to month pay as you go plan which provided volume discounts for the M2M service. The initial cost of the service was below the annual threshold which required competitive bidding. This is the same rate plan that Skywave provides to industry resellers, so the State receives wholesale prices which not available to others. The plan was initiated in March 2010, remains in effect until 2099. A copy is attached (Encl 2).

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
George Burnett*	Hawaii Emergency Management Agency	733-4300 ext 530	george.f.burnett@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.



Stanton Mato Department Head Signature

12/23/15

Date

**For Chief Procurement Officer Use Only**

Date Notice Posted: 12-23-15

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:

This request is disapproved as it lacks sufficient justification for an exemption from HRS Chapter 103D. The department shall utilize the applicable method of procurement and its procedures such as small purchases or competitive sealed bidding pursuant to HRS Chapter 103D.

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

1/8/16

Date