

Posted: 4/29/05 Jto

STATE OF HAWAII  
REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS SPR 27 AIO 54

TO: Chief Procurement Officer

FROM: DAGS/Central Services Division  
(Department/Division/Agency)



STATE PROCUREMENT OFFICE  
STATE OF HAWAII

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:

This exemption is requested to purchase refuse disposal services for 1/2 of the Honolulu Kailua School District until June 30, 2005. At that time, the Department of Education (DOE), via Act 51 SLH 2004, will become responsible to administer this contract. Under the existing IFB 03-114-0 (Contract No. 51081), International Resource Recovery, Inc. (IRRI) was contracted to provide services from October 1, 2004. Subsequently, service has been poor and documented in letters to the contractor. Because of repeated failures to correct identified deficiencies, on April 20, 2005, the program invoked the "RIGHTS AND REMEDIES FOR DEFAULT" section of the contract's Special Provisions. Under this section, the responsible agency, i.e., DAGS-Central Services Division (DAGS-CSD) though its documentation, has determined that IRRI cannot perform its contract obligations. Current pickups remain sporadic and the contractor has not made a concerted attempt to comply with the Division's request for corrective actions. Refuse is being left at the school site, which has posed serious health consequences due to the infestation of maggots and attraction to rodents. Based on the language in the aforementioned section, DAGS-CSD is able to purchase a corresponding quantity of services on the open market and deduct monies from the IRRI contract.

In order to rectify non-performance, DAGS-CSD has worked closely with both the State Procurement Office, representative from the DOE, and the Attorney General's Office. The latter's involvement is the result of a recent bankruptcy filing on the part of IRRI. All actions and correspondence have been reviewed by all agencies and the current course of action is deemed necessary.

Until this contract is formally transferred to the DOE on July 1, 2005, DAGS-CSD will make every attempt to resolve this situation. The KNG Group LLC. is aware that their services are of a temporary nature and have agreed by signed letter to perform refuse pickup and related maintenance services to refuse containers to mitigate any on-going health and safety concerns.

Name of Vendor:	The KNG Group LLC	Cost: \$104,705.28
Address:	P.O. Box 6145 Kaneohe, Hawaii 96744	(Estimated cost until 6/30/05)

Term of Contract:	From: 04/22/05 <i>Upon C to approval</i>	To: 06/30/05	Prior Exemption Ref. No. (if applicable)
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Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:

Because of health and safety concerns, pending transfer of the contract to the DOE on July 1, 2005, and complications arising from the bankruptcy proceedings, DAGS-CSD was required to react on short notice. As such, there was no time to formally bid for services.

PE-05-89-C

Details of the process or procedure to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:

Two informal quotes based on cubic yard were solicited. The low quote was from The KNG Group LLC., which has been accepted by the program. The price bid was \$11.92 per cubic foot. The other quote from Honolulu Disposal Services was \$25 per cubic foot.

A description of the agency's internal controls and approval requirements for the exempted procurement:

The program will monitor the performance of The KNG Group LLC., to insure that pickups are being made per an existing schedule. All missed pickups as reported by schools, will be investigated and the appropriate amount of funds will be withheld from monthly invoice submittals. The quality of service will be monitored by district schools and meetings will be held with the contractor to discuss deficiencies. On a monthly basis, the program will certify payment, based on services provided.

A list of agency personnel, by position title, who will be involved in the approval process and administration of the contract:

Tim Lum, Engineer V  
Raymond Desmet, Engineer VI.  
Francis Cheung, Engineering Program Manager

Direct questions to:

Francis Cheung, DAGS

Phone Number:

831-6731

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.**

\_\_\_\_\_  
Department Head or Designee Date

\_\_\_\_\_  
Title (If other than Department Head)

*Russell Sait* 4/27/05

\_\_\_\_\_  
Department Head or Designee Date

Controller

\_\_\_\_\_  
Title (If other than Department Head)

Chief Procurement Officer's Comments:

This action was recommended and agreed upon by all of the parties involved in the contract. Since this contract shall be transferred to the DOE as of July 1, 2005, the DOE shall be responsible to resolve the contractual problems beyond this date.

Please ensure adherence to applicable administrative requirements.

APPROVED

DISAPPROVED

*Russell Sait* 5/1/05  
\_\_\_\_\_  
Chief Procurement Officer Date

cc: Administrator,  
State Procurement Office