

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

**Received by  
State Procurement Office  
03/28/2016**

**TO:** Chief Procurement Officer

**FROM:** Department of Business, Economic Development & Tourism  
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 State of Hawaii, in partnership with the states of Alaska and Oregon (aka Pan Pacific UAS Test Range Complex (PPUTRC)), was selected by the Federal Aviation Administration (FAA) in December 2013 to serve as one of six national test sites to conduct research and testing for safe and efficient integration of Unmanned Aerial Systems (UAS) into our National Airspace System (NAS). This designation will require: providing the FAA with UAS operational data to facilitate the development of procedures, standards and regulations; serving as primary liaison with counterparts in the PPUTRC; certifying UAS technologies tested and validated at Hawaii's test range; contracting with facilities maintaining launch and tracking capabilities; establishing a secure network to manage proprietary data and communicate with UAS customers and partners; controlling and monitoring range operations; coordinating safety, privacy, business development, budget development, and data reporting of test sites; establishing efficient processes and approvals for launching UAS test flights; ensuring rapid development of all business and technical documents required for flight; developing a "one-stop shop" approach to customers seeking to fly in Hawaii; and providing annual reports to the STATE LEGISLATURE.		
2. Vendor/Contractor/Service Provider	Pacific Associates, Inc.	3. Amount of Request: \$ \$135,000
4. Term of Contract From: 4/1/2016 To: 3/31/2017	5. Prior SPO-007, Procurement Exemption (PE):	

6. Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means:  
(a) Substantial delays have been experienced in the appropriation and allotment of State funds to support this program. As noted above, Hawaii was selected as an FAA test range in December of 2013, but no State funding was appropriated for this program in FY14 or FY15. Also substantial delays were experienced in releasing operating funds in FY16. There is an urgent need to implement this initiative as soon as possible. (b) The very specialized knowledge and skills required include a detailed knowledge of UAS flight test processes and procedures, systems engineering, risk analysis and management, configuration management, facilities management, and flight test communications and instrumentation. A strong working knowledge of regulatory environments, as well as "first-hand" familiarity with the politics, logistics, and technological challenges presented through Hawaii's UAS Test Range initiative is required. Using this SPO-007 exemption process will allow the state to select the most qualified contractor, in the shortest amount of time possible.

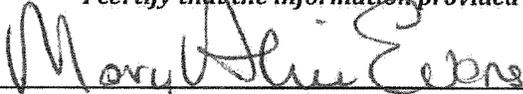
7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:  
Pacific Associates, Inc. was a member of Hawaii's UAS Test Range coordination team. This team was assembled by Hawaii's Office of Aerospace Development at DBEDT, and developed our State proposal to become an FAA UAS test range. Pacific Associates, Inc. has been representing the State of Hawaii over the past four years in negotiations with representatives from the states of Alaska and Oregon to develop the tri-state proposal submitted to the FAA to become a regional UAS test site. The contractor's extensive professional training in UAS technologies and leadership role in preparing the winning tri-state proposal to the FAA to become a regional UAS test site eminently qualify this contractor to manage Hawaii's UAS test range, which in turn would immediately enable our State to begin development and operation of Hawaii's UAS test range (most critical at this time, given the substantial delays noted above in appropriation of State funding for this program).

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
Jeffrey Pang	DBEDT-OAD	586-2399	jeffrey.pang@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.*



Department Head Signature

3-22-16

Date

### For Chief Procurement Officer Use Only

Date Notice Posted: 3/29/2016

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](mailto:state.procurement.office@hawaii.gov)

Chief Procurement Officer (CPO) Comments:

Approval is granted for the period from 4/01/2016 to 3/31/2017 and is based on the department's representation that it is not practicable or advantageous for DBEDT-OAD to procure by competitive means and that Pacific Associates, Inc. has the specialized knowledge, skills, expertise, and familiarity to support the development and operation of Hawaii's UAS Test Site. This approval is for the solicitation process only, HRS Section 103D-310(c) and HAR Section 3-122-112 shall apply (i.e. vendor is required to provide proof of compliance and may use the Hawaii Compliance Express) and the award is required to be posted on the Awards Reporting System. Copies of the compliance certificate and the awards posting are required to be documented in the procurement/contract file.

Please note that exemptions are not approved because of bad planning, internal departmental delays, and lapsing of money. Therefore, any future work beyond this 12-month exemption period must be competitively procured and any future exemption requests will be denied.

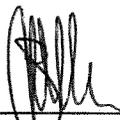
Department is also reminded that exemption contracts in excess of \$100,000 require certified cost or pricing data pursuant to HAR Chapter 3-122, subchapter 15 and are required to be documented in the procurement/contract file.

If there are any questions, please contact Kevin Takaesu at 586-0568 or [kevin.s.takaesu@hawaii.gov](mailto:kevin.s.takaesu@hawaii.gov).

Approved

Disapproved

No Action Required



Chief Procurement Officer Signature

4/28/16

Date



EXECUTIVE CHAMBERS

HONOLULU

DAVID Y. IGE  
GOVERNOR

November 24, 2015

TO: The Honorable Luis P. Salaveria, Director  
Department of Business, Economic Development and Tourism

SUBJECT: Department of Business, Economic Development and Tourism -  
Request to Release, Allot, Expend and Contract Funds

Your memorandum of September 18, 2015, requesting approval to release specific appropriations under Act 208, SLH 2015, to allot, expend and contract these funds to establish Hawaii's Unmanned Aerial Systems test site, has been reviewed.

I understand that the funds will be used to contract for a Chief Operating Officer and for site activities.

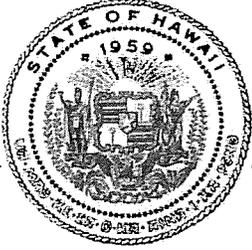
I am hereby releasing \$135,000, which reflects the application of a 10% restriction on general funded specific appropriations.

Thank you for your understanding on this matter.

DAVID Y. IGE  
Governor, State of Hawaii

c: Honorable Wesley K. Machida

PE16-049K



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE  
GOVERNOR

LUIS P. SALAVERIA  
DIRECTOR

MARY ALICE EVANS  
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
Web site: [www.hawaii.gov/dbedt](http://www.hawaii.gov/dbedt)

Telephone: (808) 586-2355  
Fax: (808) 586-2377

DTS# 20150909111634

September 18, 2015

**TO:** The Honorable David Y. Ige  
Governor

**THRU:** Wesley Machida, Director  
Department of Budget and Finance

**FROM:** Luis P. Salaveria, Director  
Department of Business, Economic Development & Tourism

**SUBJECT:** Request to Release, Allot, Expend and Contract Funds

The Department of Business, Economic Development & Tourism (DBEDT) respectfully requests your approval to release specific appropriations under Act 208, SLH 2015 (Attachment) to allot, expend and contract these funds for an amount not to exceed \$150,000 to establish Hawaii's Unmanned Aerial Systems (UAS) test site to set safety standards, state monitoring and navigation of unmanned aerial systems.

**Program Title/Program ID:** Office of Aerospace Development/BED 128OA

**Expending Agency:** Same as above

**Brief Description Explaining Request and Background Information:**

On February 14, 2012, the Federal Aviation Administration (FAA) Modernization and Reform Act of 2012 included specific requirements for UAS and the National Airspace System (NAS). Under H.R. 658, Section 331(c), the FAA Administrator is required to establish a program to integrate UAS into the NAS at six test ranges. In establishing the program, the Administrator shall: (A) safely designate airspace for integrated manned and unmanned flight operations in the national airspace system; (B) develop certification standards and air traffic requirements for unmanned flight operations at test ranges; (C) coordinate with and leverage the resources of the National Aeronautics and Space Administration and the Department of Defense; (D) address both civil and public unmanned aircraft systems; (E) ensure that the program is coordinated with the Next Generation Air Transportation System; and (F) provide for verification of the safety

of unmanned aircraft systems and related navigation procedures before integration into the national airspace system.

PE16-049K

This Federal opportunity spurred the Hawaii State Senate to pass Senate Concurrent Resolution No. 137 dated March 14, 2012, which stated, "...the selection of Hawaii as a national unmanned aircraft system test site would establish the State as a nationally recognized center of excellence for the development and testing of advanced aviation technologies, create high-paying jobs, and generate extramural revenue streams to the State." "...the Director of the Office of Aerospace Development, in consultation with the Hawaii Aerospace Advisory Committee, is requested to coordinate comments from interested parties and identify a lead entity to prepare a proposal, on behalf of the State, to the Federal Aviation Administration for Hawaii to be selected as an unmanned aircraft system test site."

On December 30, 2013, the FAA announced the selection of the six test sites, which included the Alaska, Oregon and Hawaii partnership. The University of Alaska (UA) is the Applicant for the Pan-Pacific UAS Test Range Complex (PPUTRC). Within the UA, the Alaska Center For Unmanned Aircraft Systems Integration – Research, Development, Test, & Evaluation, or ACUASI, prepared the application and is directing operations. The team consists of agencies of the States of Alaska, Hawaii and Oregon, universities, companies, and others who share the common goal of safely and responsibly advancing the integration of UAS into the NAS. The State of Alaska put \$5 million toward developing the complex, Oregon contributed \$3 million and Hawaii needs to support this effort.

Currently, the site approval allows for operations until February 13, 2017.

**MOF:** (A) Unmanned Aerial Systems Test Site Activities; Act 208 SLH 2015

**Justification:**

Hawaii's environment support UAS operations with expansive open ocean areas, proximity to the United States Pacific Command (projected to be a major user of UAS), opportunities for joint operations with Kauai's Pacific Missile Range Facility (PMRF), and long-range tests with Alaska and Oregon. Hawaii's proposed test ranges include the Pohakuloa training area on the island of Hawaii; Bradshaw and Wheeler Army airfields; and Kauai's PMRF. These test sites may generate revenues in the form of user fees for commercial uses and applications. Test points within the ranges will be used to promote scientific research; resource development; support shore and ship-based development; testing and certification of new UAS, training and crew certification of UAS; and development of expanded and joint capabilities involving existing communications systems and operations tactics using UAS.

UAS can help save lives through emergency search and rescue operations; wildfire detection and management; fisheries management; agricultural monitoring; reef health

surveys; hazardous spills monitoring; dam and reservoir overflow detection; tsunami damage surveys and assessment; algal bloom detection and mapping, air quality monitoring; motor vehicle traffic management; lava flow monitoring; aerial photography for mapping; disaster management and damage assessment; power line monitoring; flood and pollution control; land use surveys; watershed management; wildlife tracking; geographical, geological and archaeological surveys; atmospheric monitoring for commercial airline turbulence avoidance; and light detection and range mapping of coastal topography to detect beach erosion. These benefits create research, business, and educational opportunities.

These innovations will bring jobs, resources and a new mission to the State and will lay the foundation for new economic activity and put our State in the forefront of emerging technology. UAS industry experts project demand for the UAS sector to escalate to \$30 billion nationwide. For example, 12 to 15 companies told Roger Lee, Executive Director of Economic Development for Central Oregon, they would consider setting up operations in central Oregon if the area succeeded in winning the FAA designation as a test range.

Hawaii shall foster and facilitate these activities through a contract not to exceed \$150,000 to manage Hawaii's UAS test site with a chief operating officer for administration and operations.

**Impact if Request is not Approved:**

The State of Alaska along with Hawaii and Oregon were selected and awarded by the FAA as one of six awardees who are expected to carry out the terms of the agreement. If this request is not approved, the FAA may rescind the award to Alaska, Oregon and Hawaii, which may incur additional sanctions from the FAA and impact future state collaborations with Alaska and Oregon. Hawaii would not reap the economic benefits described above and be in the forefront in developing this new technology. Hawaii shall also suffer the consequence of a proliferation of UAS use without rules to manage or control their use. For example, the media reported that commercial pilots in New York and New Jersey reported seeing drones flying at 2,000 to 3,000 feet in the air on their landing approach; and firefighting helicopters had near collisions with drones in California, and forced the grounding of four firefighting aircraft for 2-1/2 hours.

Should you have any questions, please contact Jeffrey Pang at 586-2399 or [jpang@dbedt.hawaii.gov](mailto:jpang@dbedt.hawaii.gov). Your favorable consideration of this request is appreciated.

Attachment:

RECOMMEND:

APPROVAL

DISAPPROVAL

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Wesley Machida  
Director of Finance

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DATE

APPROVED

DISAPPROVED

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David Y. Ige  
Governor, State of Hawaii

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DATE