

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

STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: High Technology Development Corporation
 (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: Development and demonstration of Advanced Transportation Technologies under a U.S. Air Force funded program to evaluate performance of these technologies at the National Demonstration Center at Hickam Air Force Base for use in support equipment and ground vehicle fleets. This program is funded solely by federal funds. No State general funds are utilized in this program.

A request for Exemption was submitted last year for a two-year exemption, but only one year was granted. This Exemption Request is also for two years because each year of federal funding funds contracts spread over two years.

Name of Vendor: various-selected by Air Force	Cost:
Address:	up to \$6 million

Term of Contract: From: 01/01/05 To: 12/31/2007 includes FY 2005 and 2006 federal funding	Prior Exemption Ref. No. (if applicable) 05-48-C
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Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State: The Hawaii Center for Advanced Transportation Technologies (HCATT), an element of the State's High Technology Development Corporation, was selected by the Air Force 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. Air Force requirements to provide the latest fuel efficient and environmentally compliant technologies for demonstration and evaluation as candidates for Air Force support equipment and ground vehicle fleets. The program, by nature, focuses on contracting with an established consortium of designated organizations.

(Please see attached continuation sheet)

Details of the process or procedure to be followed in selecting the vendor to ensure maximum fair and open competition as practicable: 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 members for white papers. The Air Force encourages competition among the consortium members, as these consortium 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 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 project. 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.

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

HCATT is a federally funded program managed by the High Technology Development Corporation (HTDC). HTDC awards State Contracts for the selected projects and complies with all State Contracting procedures. HTDC employs a Contracts Administrator to ensure compliance. Following selection of projects by the Air Force, potential contract awards are reviewed and approved by the HTDC Board of Directors.

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

Contracts approved by the HTDC Board of Directors (See attached).
 Contracts Administrator: Sylvia Bollmeier
 HCATT Manager: Thomas L. Quinn

Direct questions to: Thomas L. Quinn	Phone Number: 808-594-0100
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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.


 Philip J. Bossert, Ph.D. 12/1/05
 Department Head or Designee Date
 HTDC Executive Director & CEO
 Title (If other than Department Head)

Chief Procurement Officer's Comments:

Please ensure adherence to applicable administrative requirements.

APPROVED
 cc: Administrator,
 State Procurement Office

DISAPPROVED


 Adam S. Fyfe 12/20/05
 Chief Procurement Officer Date

Continuation sheet for the explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:

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, Requests 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 HTDC in charge of the federal program. As technology evolved, so did consortium membership, and it continually changes. Some organizations drop out and others are added. These changes are based on past performance 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 Hickam Air Force Base. 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 the 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 project. 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 year. Following this session, the solicitation process is initiated, wherein HCATT solicits the already identified HCATT members for white papers. The Air Force is silent on the issue of requiring HTDC to adhere to specific State procurement practices. They neither direct

Continuation sheet for the explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:

HTDC to comply nor not to comply. However, the Air Force encourages competition among the consortium members, and therefore does not want to add additional requirements that would cause undue delay in the execution of contracts to accomplish the selected projects. These consortium members have already been 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 project. 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 Miscellaneous Obligation/Reimbursement Document (MORD), AF Form 406. The MORD provides specific guidelines that generally fall into two categories: (1) organizations specifically designated by the federal funding agency to perform the work required; and (2) projects designated based on white papers (pre-proposals) submitted from HCATT consortium members. Based on projects listed in the MORD, HCATT submits an Invoice, which is paid by EFT from the Air Force to HTDC and deposited directly into the State account for HTDC. Funding is provided to the selected participants through State contracts issued by HTDC. The HTDC Board of Directors has fiduciary responsibility for expenditures by HTDC so they also review the selected projects to ensure HCATT is complying with the Air Force requirements, and the Board must grant approval before a contract is awarded. However, the HTDC Board of Directors cannot approve a contract for award unless it has previously been selected and approved by the Air Force.

The recent legislative decision which eliminated the exemption from Chapter 103D, HRS, enjoyed by HTDC, will adversely impact HCATT's ability to manage the federal programs for which it was established. During its 12 years of existence, HCATT has only received federal funding. No State funds have ever been applied to this program. Eliminating the exemption removes the basis upon which HTDC was chosen to participate in this federal program and will significantly impair its ability to expeditiously execute contracts in support of decisions and selections made by the 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 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.

HTDC BOARD OF DIRECTORS
July 1, 2005 – June 30, 2006

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STATE OF HAWAII
NOTICE OF EXEMPTION FROM CHAPTER 103D, HRS

The Chief Procurement Officer is in the process of reviewing the request from the Department of BEDT-HTDC
_____ for exemption from Chapter 103D, HRS, for the following goods, services, or construction:

Development and demonstration of Advanced Transportation Technologies under a U.S. Air Force funded program to evaluate performance of these technologies at the National Demonstration Center at Hickam Air Force Base for use in support equipment and ground vehicle fleets. This program is funded solely by federal funds. No State general funds are utilized in this program.

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Vendor: Various -selected by Air Force

Address:

Term of Contract: From: 01/01/2005 To: 12/31/2007 **Cost:** up to \$6 million
includes FY 2005 and 2006 federal funding

Direct any inquiries to:

Department: Hawaii Center for Advanced Transportation

Technologies (HCATT)

Phone Number: 594-0100

Contact Name/Title:

Thomas Quinn, Director

Address:

531 Cooke Street
Honolulu, HI 96813

Fax Number: 594-0102



Date Posted: 12/13/05

A copy of this notice of exemption from Chapter 103D, HRS, shall be posted by the Chief Procurement Officer and the purchasing agency in an area accessible to the public, at least seven (7) calendar days prior to any approval action.

Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven (7) calendar days from the date posted to:

Chief Procurement Officer
Office/Agency _____
Address _____
