



'05 MAY 26 10:54

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

'06 MAY 26 8:37

1. TO: Chief Procurement Officer
2. FROM: Micah A. Kane, Department of Hawaiian Home Lands

ADMINISTRATION
STATE PROCUREMENT OFFICE
STATE OF HAWAII

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:

3. Description of goods, services or construction:
Contractor will be responsible for construction project administration over 20 low-income native Hawaiian families in Kekeha, Kauai. Services will include project planning and evaluation, individual family loan counseling, financing of homes, and construction coordination that primarily consists of training and technical assistance. See Attachment 1 for further details.

4. Name of Vendor: Hawaii Island Community Development Corporation
Address: 100 Pauahi Street #204
Hilo, HI 96720

5. Price:
\$ 500,000

6. Term of Contract: From: June 1, 2006 To: December 31, 2007

7. Prior Exemption Ref. No.
NA

8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State:
See Attachment 2.

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:
DHHL will solicit three organizations for proposals. In addition, DHHL staff will obtain written confirmation from each organization of their interest or disinterest in proposing for this project. The award for this service will take into consideration price, quality, warranty, and delivery and will be made to the most advantageous offer to the State.

10. A description of the agency's internal controls and approval requirements for the exempted procurement:
1. Staff solicited three organizations for proposals. (enclosed)
2. Proposals were evaluated by qualified personnel.
3. Contract awarded to proposal that is responsive, responsible, and advantageous to DHHL.
4. Contract is drafted and approved by the Office of the Attorney General.
5. Contract signed by Contractor.
6. Contract signed by DHHL Chair.

REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)

12. A list of agency personnel, by position, who will be involved in the approval process and administration of the contract:		
Name	Position	Involvement in Process
Micah A. Kane	Chair	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
Ben Henderson	Deputy	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
Kaulana Park	Executive Assistant	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Larry Sumida	LDD Administrator	<input checked="" type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Connie Kita	Land Dev. Specialist	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Kamuela Cobb-Adams	Land Dev. Coordinator	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration

13. Direct inquiries to:	Department: Hawaiian Home Lands Contact Name: Kaulana Park Phone Number: 586-3806 Fax Number: 586-3899
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Agency shall ensure adherence to applicable administrative and statutory requirements

14. *I certify that the information provided above is, to the best of my knowledge, true and correct.*

Ben Henderson 5/25/06
 Department Head Date

15. Date Notice Posted <u>5/26/06</u>	
The Chief Procurement Officer is in the process of reviewing this request for exemption from Chapter 103D, HRS. Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven calendar days or as otherwise allowed from the above posted date to: <p align="center"> Chief Procurement Officer State Procurement Office P.O. Box 119 Honolulu, Hawaii 96810-0119 </p>	
Chief Procurement Officer's comments: <p align="center" style="margin-top: 20px;"> This approval is for the solicitation process only, section 103D-310(c), HRS, and section 3-122-112, HAR, shall apply. </p>	

16. APPROVED DISAPPROVED

Alan S. Taylor 6/2/06
 Chief Procurement Officer Date

STATE OF HAWAII
Department of Hawaiian Home Lands

Micah A. Kane, Chairman
Hawaiian Homes Commission

May 18, 2006

LAND DEVELOPMENT DIVISION
Construction/Project Management Branch

To Provide Self-Help Housing Counseling &
Technical Assistance Services for
Kekaha Residence Lots, Unit 4, Kekaha, Kauai

Kekaha Residence Lots, Unit 4
Self-Help Program

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Section 1: Administrative Requirements

I. General Information

The Department of Hawaiian Home Lands is soliciting proposals to provide housing counseling and technical assistance for the construction of 20 single-family homes at the Kekaha Residence Lots, Unit 4 subdivision in Kekaha on the island of Kauai.

Head of State

Purchasing Agency

Micah A. Kane, Chairman
Hawaiian Homes Commission
DHHL
P. O. Box 1879
Honolulu, HI 96805
1099 Alakea St., Suite 2000
Honolulu, HI 96813
Telephone: (808) 586-3800

Project Manager

Kamuela Cobb-Adams
Homestead Development Coordinator
DHHL
P. O. Box 1879
Honolulu, HI 96805
1099 Alakea St., Suite 1230
Honolulu, HI 96813
Telephone: (808) 586-3844

- A. Availability of Funds. The award of a contract and any allowed renewal or extension thereof, is subject to allotments to be made by the Director of Finance, State of Hawaii, pursuant to Chapter 37, Hawaii Revised Statutes, and subject to the availability of State and/or Federal funds.

II. Criteria for Concept Acceptance and Review

To ensure that the proposed service meets the application requirements and is designed to achieve the proposed goals and objectives of the Service Specifications, the following criteria have been established.

1. The organization or business assures that it has tax exemption verification for non-profit agencies, articles of incorporation, financial statements of the organization, copy of financial audit, by-laws, and applicable licenses that will be provided upon request.
2. The organization or business must be in compliance with laws and standards, i.e., does not violate applicable Federal, State and local law relating to the contracting process; meets all applicable licensing, certification and accreditation requirements; and has policies to assure ethical conduct of employees and board members.
3. The organization or business assures it will comply with general liability insurance requirements, including listing the State of Hawaii

and DHHL as an additional insured and providing written notice upon cancellation of said insurance.

4. The organization assures it is in good standing with the Department of Commerce and Consumer Affairs (DCCA), if the organization is not pre-registered with the State Procurement Office, the organization will provide a certificate of good standing from the DCCA.
 5. The organization shall have a functional accounting system operated in accordance with generally accepted accounting principles.
- A. Review of Application. Applications which conform to the above administrative requirements will be reviewed. Further information may be requested at the discretion of the selection committee.

The selected organization shall comply with all administrative requirements, which are standard for State of Hawaii contracts, and are stated in the State of Hawaii General Conditions. Organizations funded by a federal agency shall be required to comply with Code of Federal Regulations and circulars from the Office of Management and Budget as appropriate.

III. Contract Monitoring

- A. All contracts shall be monitored by DHHL's Land Development Division, in accordance with requirements set forth in **Chapters 103, 103F, and 103D, HRS and all other applicable State and Federal laws.**
- B. Contract monitoring shall be on a regular basis. Areas of monitoring will include but not be limited to:
1. Compliance with contract terms;
 2. Degree to which performance targets are met, and services and activities described in the contract are being provided;
 3. Appropriateness of clients served;
 4. Accuracy and completeness of program execution including case record-keeping, accounting practices and fiscal record-keeping;
 5. Utilization of services by program participants;
 6. Observations of program operations and survey of clients and referral sources; and
 7. Adherence to personnel standards and practices.

Section 2: Service Specifications

I. Background

The Department of Hawaiian Home Lands (DHHL), through the Hawaiian Homes Commission Act of 1920, as amended, is responsible for the management of an extensive land trust consisting of over 200,000 acres on the islands of Kauai, Oahu, Molokai, Maui, Lanai and Hawaii.

To accomplish its mission, the DHHL's priority goal is to provide an efficient and fair delivery of housing and supportive services to our native Hawaiian beneficiaries. The Kekaha Residence Lots, Unit 4 is one project on Kauai that is part of this mission.

Twenty (20) of the 49 single-family lots created in this development have been designated for the Kekaha self-help program (Program.) On April 8, 2005, all 20 lots were selected by DHHL applicants that are or below 80% of the area median income. The DHHL contracted Self-Help Housing Corporation of Hawaii (SHHCH) to provide self-help services for the Program to each applicant. SHHCH did provide "pre-construction" services, but their contract was terminated. This proposal shall provide the necessary self-help services to complete the project.

II. General Requirements - DHHL seeks to secure services from qualified provider agencies to provide technical assistance (TA) to the 20 native Hawaiian applicants to complete the Self-Help Housing Program at the Kekaha Residence Lots, Unit 4. Families participating in a mutual self-help program should perform 65 percent of the construction labor on each other's homes under qualified supervision.

A. Funding Options – DHHL shall accept proposals with either of the following funding options. Options 1 is a preferred by DHHL and proposals shall be rated accordingly. As time is of the essence, proposals that can obtain funds quickly should also be rated higher. A self-help provider may submit two proposals with option 1 and option 2 accordingly.

1. Option 1 – Self-help provider shall obtain USDA-RD 523 grants for TA. Construction/permanent financing of house cost shall be by USDA-RD 502 Direct loans.
2. Option 2 - DHHL shall finance TA and Interim Construction through U.S. Department of Housing and Urban Development and Title VIII of the Native American Housing Assistance and Self-Determination Act (NAHASDA). *(Compliance with federal regulations is required. All Self-help providers and their parties shall comply with all applicable*

federal laws and regulations.) Self-help provider to coordinate the permanent financing of all self-help participants.

- B. Specific qualifications or requirements, including but not limited to licensure or accreditation.
1. The applicant shall comply with Chapter 103F, Hawaii Revised Statutes. Cost principles for Purchases of Health and Human Services identified in SPO-H-201 (effective 10/1/98), and can be found on the SPO website at: <http://spo.hawaii.gov>.
 2. Management Requirements.
 - a. Personnel. The applicant shall have standards and procedures to ensure that all employees are fully qualified to engage in activities and perform the services required.
 - b. Applicants are required to demonstrate that staff possess the minimum education, training, or credentials to effectively provide services.
 3. Administrative. To be determined eligible by the State, interested applicants must certify or provide documentation of the following:
 - a. Be a profit organization incorporated under the laws of the State of Hawaii **or** nonprofit organization determined by the Internal Revenue Services to be exempt from federal income tax and with a governing board whose members have no material conflict of interest and serve without compensation and with bylaws or policies that describe the manner in which business is conducted and policies that relate to nepotism and management of potential conflict of interest situations;
 - b. Have addressed any instances of non-compliance found in past audits and monitoring reports conducted for any programs administered by the DHHL;
 - c. Have no outstanding balances owing to the DHHL (exceptions may be granted by the Chairman of the Hawaiian Homes Commission (HHC) or debts recently acquired and for debts which have a repayment plan approved by the Chairman of the HHC.)

- d. Be in good standing with the Department of Commerce and Consumer Affairs and the State Department of Taxation; and Internal Revenue Service;
 - e. Have a functioning accounting system that is operated in accordance with generally accepted accounting principles, or have a designated entity that will maintain a functioning accounting system for the organization in accordance with generally accepted accounting principles;
 - f. Perform financial and compliance audits in accordance with "Government OMB Circular A-133".
5. Applicants must maintain written policies and procedures for the required services including personnel standards, operating procedures, determination of client eligibility, documentation and record keeping, data gathering and reporting, financial administration, quality assurance and monitoring.
6. Selected provider(s) shall indemnify the State of Hawaii and the Department of Hawaiian Home Lands and shall obtain the following insurance:
- a. General Liability: \$ 1,000,000.00
 - b. Automobile Liability: \$ 300,000.00
- The selected provider(s) shall be required to comply with all laws, ordinances, codes, rules and regulations of the Federal, State and local governments as they relate to the operations of the project and adhere to the instructions prescribed by the DHHL.
7. The selected provider(s) shall retain any book, document, paper, file or other record of performance of services for the purposes of monitoring, evaluating, or auditing the provider's performance of services and the program, and management and fiscal practices for at least three years, except in any litigation, investigation, audit or other action is underway. The DHHL and any of their authorized representatives shall have the right of access to any records that are related to the performance of services. The right of access shall not be limited to the required retention period but shall last as long as the records are retained.
8. Quality assurance and evaluation specifications
- a. Provide a description of your agency's quality assurance and evaluation plan. The plan should evaluate the efficiency,

effectiveness and quality of services and include an evaluation of services by program participants.

- b. Performance of all contracted agencies will be monitored on an ongoing basis by the DHHL through file reviews, desk monitoring, site inspections and/or other methods. Providers who fail to adequately provide services as contracted shall be required to provide a written corrective action plan which address the corrective actions that will be taken to improve the program, the timeline for implementation and the responsible parties.
- c. Failure to comply with reporting requirements or to adequately address monitoring findings may result in the suspension or cancellation of payments or the contract. Providers shall agree to make participant files available to the DHHL for the purposes of monitoring.
- d. Output and performance/outcome measurements. Providers shall be monitored on their ability to meet output and performance measures as contracted.
- e. Reporting requirements for program and fiscal data. Provider(s) shall submit quarterly activity and financial reports no later than 30 days after the end of each quarter of the State fiscal year(s) or as otherwise instructed by the DHHL. The quarterly reports shall summarize program and financial activities, including but not limited to, numbers of individuals and families served, levels of services performed, outcome objectives achieved, demographic data, problems and recommendations to remedy, income and expenditures to date, and the expenditure's relationship to the approved budget and an explanation of variances in said budget.
- f. Provider(s) shall submit a final report no later than 45 days at the end of the State fiscal year(s) or a sooner termination date or as otherwise instructed by the DHHL. The final report shall document the provider's overall efforts toward meeting contract requirements and reporting expenditures actually incurred.
- g. Provider(s) shall submit information and/or required reports in a timely manner and in the appropriate forms as prescribed by the DHHL.

IV. Scope of Services

The scope of work encompasses the following tasks and responsibilities.

A. Service Activities. The prospective Offeror shall assist DHHL in all service activities relating to the development and completion of the mutual self-help program with primary emphasis on the following:

1. Financing of Houses. Assistance with funding resources shall be provided to each family for the house construction and related costs.

Provider agencies shall assist each family in updating & completing the following:

- a. Loan application. Assist families in the application for and closing of their mortgages and/or combination construction-mortgage loans.
- b. Execute credit information authorization
- c. Execute any verification including employment, deposits, etc.

2. Project Planning and Evaluation. The project planning and evaluation activities include, but are not limited to:

- a. Provide plans and specification for a house and septic system. House design criteria:

Bedrooms/Bath	Living Area sq. ft.	2 Car - Car port	Post – Beam
4/2	1,200 minimum	Yes	Yes

- b. The design and permit process for on-site infrastructure improvement, including individual wastewater facility system on each lot, drainage swales, and utility hook up (water, electricity, telecom., etc.) A plot plan must also be completed for each lot showing finished pad, swales and elevations.
- c. Obtain all required government and public utility permits and approvals.
- d. Schedule all construction inspections.
- e. Monitor progress of each project.
- f. Provide program evaluation of program participants after completion of project.

5. Construction Coordination. The provider agency is required to establish and maintain the overall construction activities as follows:

- a. Safety training in construction and use of equipment and tools; tools shall be provided by Service provider.

- b. Contract with sub contractors for various phases of the construction of homes;
- c. Supervise work of licensed subcontractors and self-help participants;
- d. Conduct progress sessions with all teams and partnerships on goals/objectives for the project. Establish rules of communication and responsibilities of each member.
- e. Arrange and coordinate the purchases of all materials for the construction of the homes including delivery to site and secure storage.
- f. Schedule deliveries of supplies and equipment necessary for the construction of the houses and on-site improvements.
- g. Organize and maintain the purchase of use of materials as required by the Project plans and specifications, and secure storage for all materials and equipment.
- h. Provide construction supervisors on site whenever the families are on site participating in the Program.
- i. Monitor compliance of self-help agreement and all work rules of each participant.
- j. Provide mediation when necessary.
- k. Conduct inspection of homes, supervise punch list and acceptance of final inspection of each home.
- l. Maintain and distribute product warranty information and coordinate any warranty repair work during the warranty period.
- m. Provide two copies of reproducible as-built drawings of all construction to DHHL at completion of project.
- n. Other related services include, but are not limited to:
 - 1) Provide all administrative and clerical support services as required to implement and complete the Project.
 - 2) Coordinate and conduct public relations events, such as planning of the ground breaking and dedication ceremonies for the Project.
 - 3) Provide adequate coordination and staff for each planned ceremony, including the food and refreshments for each event.
- o. Publish a notice of completion for each home.

8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State:

In the previous six-months, 20 very low-income native Hawaiian families have completed homeownership training, attended numerous individual financial counseling meetings, and have been conditionally approved for home loans on a project located in Kekaha, Kauai. Additionally, a majority of the families have relocated to Kauai from Niihau recently and have counted on a Hawaiian Home Lands lease to better their economic conditions. These families are in dire need of financial rehabilitation and have barely qualified for our low-income loan programs such as USRD, which requires the median income be below 80%. Most of these families fall below 60% of the median income. With that, these 20 families can only afford a home of \$96,000 and rely solely on the self-help method that requires their sweat equity in the construction of the homes. Their inability to secure a stable and secure job leaves no other financial alternatives for homeownership.

With the recent termination of a previous self help contractor, the families can ill-afford to have a delay in the project as their individual loans have an expiration date for pre-qualification. Any extension of the project such as using normal procurement methods will result not being able to qualify for the loan. In addition, most families current living situations are temporary, that is either living with other family members or friends during this project period.

These families have been on our waitlist for many years and are finally beginning to move forward in achieving our commitment in giving them a chance to become land stewards. We want to keep this commitment with the assistance of Hawaii Island Community Development Corporation (HICDC) that is willing to step in and complete the project in a professional and timely manner. Although there is a limited amount of other self help contractors in Hawaii, DHHL cannot wait the normal 90-day procurement process as mentioned above for the families. In our selection process, HICDC was the only one that expressed the desire to complete the project under the service terms provided. HICDC is on the USRD approved list, has a good reputation and track record in dealing with DHHL projects in the past, and has the expertise and capacity to meet the original construction timeline.

STATE OF HAWAII REQUEST FOR WRITTEN PROPOSAL

- 1. Date: 5/19/2006
- 2. Company: Kauai Habitat for Humanity
- 3. Phone/fax No. 335-0296 / 335-0569
- 4. Address: 1-3410 Kaunualii Highway
- 5. City/State/Zip: Hanapepe, HI 96716
- 6. Vendor Representative: Annette Creamer

7. PROVIDE A PROPOSAL for the following good/service/construction (Describe or see attached specifications):
 Please see attached document entitled 'To Provide Self-Help Housing Counseling & Technical Assistance Services for Kekaha Residence Lots, Unit 4, Kekaha, Kauai.'

8. PROPOSAL REQUESTED BY (mail or fax this quotation by 5/24/2006, 4:00 PM to the following):
 (date) (time)

9. Dept/Agency Department of Hawaiian Home Lands

10. Address 1099 Alakea Blvd. Ste. 500

11. City/State/Zip Code: Honolulu, HI 96813

12. Contact Person Denise Iseri-Mastubara

13. Phone/fax No 586-3800 / 586-3899

- 14a. I am interested in proposing on the good/service/construction described in item 7.
- 14b. I am not interested in proposing on the good/service/construction described in item 7.

15. Quotation Amount for the good/service/construction described in item 7.

16. Additional information or terms (i.e. delivery time, warranty period, etc.):
 (Please attach additional information, if applicable.)

17. Quote No. _____ 18. Price(s) shall remain firm for _____ days.

19. Vendor Representative: Annette Creamer 5/22/06
 Signature Date

Title: Executive Director

STATE OF HAWAII
REQUEST FOR WRITTEN PROPOSAL

1. Date: 5/19/2006
2. Company: Menehune Development Co. 3. Phone/fax No. 885-8821 / 885-1993
4. Address: P.O. Box 657 5. City/State/Zip: Kamuela, HI 96743
6. Vendor Representative: Fred Yamashiro

7. **PROVIDE A PROPOSAL for the following good/service/construction** (Describe or see attached specifications):
Please see attached document entitled 'To Provide Self-Help Housing Counseling & Technical Assistance Services for Kekaha Residence Lots, Unit 4, Kekaha, Kauai.'

8. **PROPOSAL REQUESTED BY** (mail or fax this quotation by 5/24/2006, 4:00pm to the following):
(date) (time)

9. Dept/Agency Department of Hawaiian Home Lands

10. Address 1099 Alakea Blvd. Ste. 500 11. City/State/Zip Code: Honolulu, HI 96813

12. Contact Person Denise Iseri-Mastubara 13. Phone/fax No 586-3800 / 586-3899

- 14a. I am interested in proposing on the good/service/construction described in item 7.
- 14b. I am not interested in proposing on the good/service/construction described in item 7.

15. Quotation Amount for the good/service/construction described in item 7.

16. Additional information or terms (i.e. delivery time, warranty period, etc.):
(Please attach additional information, if applicable.)

17. Quote No. _____ 18. Price(s) shall remain firm for _____ days.

19. Vendor Representative:  5/19/06
Signature Date *received*
ewam

Title: PREVIOUS

STATE OF HAWAII
REQUEST FOR WRITTEN PROPOSAL

1. Date: 5/19/2006
2. Company: Hawaii Island Community Development Corp. 3. Phone/fax No. 969-1158 / _____
4. Address: ~~99 Aupuni Street, Suite 104~~ *100 Paualii St* 5. City/State/Zip: Hilo, HI 96720
6. Vendor Representative: Keith Kato *#204*

7. **PROVIDE A PROPOSAL for the following good/service/construction** (Describe or see attached specifications):
Please see attached document entitled 'To Provide Self-Help Housing Counseling & Technical Assistance Services for Kekaha Residence Lots, Unit 4, Kekaha, Kauai.'

8. **PROPOSAL REQUESTED BY** (mail or fax this quotation by 5/24/2006, 4:00 PM to the following):
(date) (time)

9. Dept/Agency Department of Hawaiian Home Lands

10. Address 1099 Alakea Blvd. Ste. 500 11. City/State/Zip Code: Honolulu, HI 96813

12. Contact Person Denise Iseri-Mastubara 13. Phone/fax No 586-3800 / 586-3899

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see attached 2

16. Additional information or terms (i.e. delivery time, warranty period, etc.):
(Please attach additional information, if applicable.)

17. Quote No. _____ 18. Price(s) shall remain firm for _____ days.

19. Vendor Representative: _____

[Signature]
Signature

5/19/2006
Date

Title: _____

Executive Director