



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

STATE PROCUREMENT OFFICE
STATE OF HAWAII

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

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 21 native Hawaiian families in Waiohuli, Maui. Services will include project planning and evaluation, individual family counseling, and construction coordination. See Attachment 1 for further details.

4. Name of Vendor: Lokahi Pacific Address: 1935 Main Street., Ste 204 Wailuku, HI 96793	5. Price: \$175,000
6. Term of Contract: From: June 18 ¹⁶ , 2006 To: September ^{October} 30, 2006	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 staff will solicit three organizations for proposals to complete the Waiohuli Self-Help project. 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. Exemption procurement approved by the Chief Procurement Officer.
 2. Staff to solicit 3 organizations for proposals
 3. Proposals are opened and evaluated by qualified DHHL Staff.
 4. Contract awarded to proposal that is responsive, responsible, and advantageous to DHHL.
 5. Contract is drafted and approved by AG.
 6. Contract signed by Contractor
 7. 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 checked="" type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Kamana'o Mills	Special 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	Hmst. Land Dev. Specialist	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration

13. Direct inquiries to:	Department: Hawaiian Home Lands Contact Name: Kaulana Park Phone Number: 587-6442 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.*


6/15/06

 Department Head Date

15. Date Notice Posted <u>6/9/06</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: This approval is based on the DHHL's unanticipated action to not extend the prior contractor's agreement, short-term nature required to complete the project and their responsibility to the 21 families. This approval is for the solicitation process only, section 103D-310(c), HRS, and section 3-122-112, HAR, shall apply.

16. APPROVED DISAPPROVED


6/16/06

 Chief Procurement Officer Date

**SCOPE OF SERVICES
ATTACHMENT 1**

The PROVIDER shall perform and provide the following services and the services detailed in the PROVIDER's proposal submittal, which shall be attached to the Contract Agreement as Exhibit A-1, in a proper and satisfactory manner as determined by the DHHL and in accordance with program rules administered by the DHHL for the Mutual Self-Help Housing project located in Waiohuli, Kula, Maui.

Project: Waiohuli Scattered Lots
Number of Lots: 20

1. Developing policies, procedures and forms to operate the Mutual Self-Help Housing Program in compliance with program requirements, including specifically the development and implementation of procedures that provides for the confidentiality of records pertaining to any individual provided supportive services;
2. Receive and process applications for self help housing;
3. Execute an agreement with eligible applicants which defines the terms and conditions of participation in and termination from the Mutual Self-Help Housing program.
4. Maintain records and prepare reports pursuant to the Contract Agreement and the program rules and as may be required by the DHHL. Provide weekly and/or monthly schedules to the DHHL;
5. Provide for formal due process procedures for participants whose participation in the program is being terminated in accordance with the program rules;
6. Accounting Requirements. The Provider must be able to show that their financial management system meets the standards outlined in circulars published by the Office of Management and Budget (OMB).
 - a. OMB Circular No. A-87 Cost Principles for State, Local, and Indian Tribal Governments.
 - b. OMB Circular A-102 Grants and Cooperative Agreements with State and Local Governments
 - c. OMB Circular A-110 Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-profit Organizations.
 - d. OMB Circular A-122 Cost Principles for Non-Profit Organizations
 - e. OMB Circular A-133 Audits of Institutions of Higher Education and Other Non-Profit Institutions

In accordance with these circulars, the Provider's financial management system must provide:

- a. Accurate, current and complete disclosure of financial results of each federally sponsored program.
 - b. Records that adequately identify the source and use of funds for federally sponsored activities.
 - c. Effective control over and accountability for all funds, property and other assets.
 - d. Adequate safeguards for all assets and assurance that they are used for authorized purposes.
 - e. Comparison of actual outlays with budgeted amounts for each grant or other agreement.
 - f. Procedures for determining if costs are reasonable and allowable, and that they are distributed in accordance with applicable federal cost principles.
7. Service Activities. The PROVIDER shall assist the DHHL in all service activities relating to the development of the mutual self-help program with primary emphasis on the following:
- A. Family Screening/Selection. When the family is referred to the provider agency by DHHL, the family is screened for program eligibility and, if the family appears to meet the criteria for enrollment, the provider agency shall provide an intake interview to inform the participant of the program requirements and to determine their willingness to participate fully in the program.
 - 1) Provide initial assessment of program participants who are 80% and below median area income;
 - 2) Financially qualified;
 - 3) Identify first time homebuyers;
 - 4) Written mutual self-help program commitment by each program participant, as required by DHHL and provider agency.
 - B. Homeownership/Financial Counseling. The Provider shall conduct pre- and post homeownership classes. Classes should include, but are not limited to:
 - 1) One-on-one counseling
 - 2) Credit history and financial resources
 - 3) Savings and home maintenance reserve accounts
 - 4) Loan application instructions
 - 5) Home maintenance and repairs
 - 6) Warranty Packets
 - C. Financing of Houses. Assistance with funding resources shall be provided to each family for the house construction and related costs.

Provider shall assist each family in completing the following:

- 1) Loan application. Assist families in qualifying for and closing mortgage and/or combination construction/mortgage loans.
 - 2) Execute credit information authorization
 - 3) Execute landlord verification form
 - 4) Execute verification of employment
- D. Project Planning and Evaluation. The project planning and evaluation activities include, but are not limited to:
- 1) The design and permit process of each housing unit, including utility hook up.
 - 2) The design and permit process for on-site infrastructure improvement, including individual wastewater facility system on each lot and drainage swales.
 - 3) Obtain all required government and public utility permits and approvals.
 - 4) Schedule all construction inspections.
 - 5) Monitor progress of each project.
 - 6) Provide program evaluation of program participants after completion of project.
 - 7) Provide housing packages and wastewater systems for each lot.
- E. Construction Coordination. The Provider shall establish and maintain the overall construction activities as follows:
- 1) Safety training in construction and use of equipment and tools;
 - 2) Supervise work of licensed subcontractors and self-help participants;
 - 3) Conduct progress sessions with all teams and partnerships on goals/objectives for the project. Establish rules of communication and responsibilities of each member.
 - 4) Schedule deliveries of supplies and equipment necessary for the construction of the houses and on-site improvements.
 - 5) Organize and maintain the purchase of use of materials as required by the Project plans and specifications.
 - 6) Monitor compliance of self-help agreement and all work rules of each participant.
 - 7) Provide mediation when necessary.
 - 8) Conduct inspection of homes, supervise punch list and acceptance of final inspection of each home.
 - 9) Obtain and distribute product warranty information.
 - 10) Provide original drawings and all approved change orders for each house to DHHL at completion of project.
 - 11) Other related services include, but are not limited to:
 - a) Provide all administrative and clerical support services as required to implement and complete the Project.

- b) Coordinate and conduct public relations events, such as planning of the ground breaking and dedication ceremonies for the Project.
- c) Provide adequate coordination and staff for each planned ceremony, including the food and refreshments for each event.

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

On March 1, 2004, DHHL contracted the Self Help Housing Corporation of Hawaii (SHHCH) to provide self-help housing for 21 low-income native Hawaiian families residing in Waiohuli, Maui. Due to numerous problems and delays in this Self-Help project, DHHL has terminated the contract with SHHCH, leaving the 21 families who have already committed to this project with incomplete homes. Any extension of the project by using normal procurement methods will cause further delays to home construction and direct financial loss for our beneficiaries. These families have already secured mortgage loans, attended numerous financial and homeownership meetings, and have committed their resources and approximately one year in sweat equity towards the construction of their Self-Help homes.

DHHL wants to complete this project with the assistance of Lokahi Pacific who 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 to complete construction of the homes. In our selection process, Lokahi Pacific was the only organization that expressed the desire to complete the project under the service terms provided. Lokahi Pacific has a good reputation and track record in dealing with DHHL projects in the past, and has the expertise and capacity to meet the complete construction in a timely manner.