

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

06 JUL 19 P2:19

TO: Chief Procurement Officer

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

FROM: Department of Accounting and General Services, Division of Public Works
(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:

The purpose of this project is to bring a meat rendering plant located in Paaulo, Hawaii back into operation. The project consists to two major work scopes: one is to repair the existing building that shelters the rendering equipment, and the other is to repair/upgrade the existing rendering equipment. This request is for the equipment repair/upgrade portion of the project.

Detailed scope of work for equipment repair/replacement:

Part 1, Assessment Phase: Identify work that needs to be done to bring each piece of equipment back into operating condition; replacement of equipment may be necessary if it is determined by the vendor that repairs are not feasible or practical.

Part 2, Repair/Installation Phase: Upon completion of the assessment phase, a price quotation will be requested from the vendor for the repair or rework of the existing equipment, supply and installation of replacement and additional equipment as required, and will be subject to negotiations. To keep within budget, the vendor may propose the use of remanufactured instead of new equipment. After the quotation is approved, any new equipment needed will be procured and installed, and the existing equipment to remain will be repaired. Qualified personnel will travel to the site to assure repairs and installations are being done properly, and will be on site at the time of the start up and commissioning of the facility to assure the plant operates as required.

Name of Vendor: TO BE DETERMINED Address:	Cost: \$730,000.00 (estimated)
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Term of Contract: <i>upm CPD Approval</i>	From: July 2006 To: December 2007	Prior Exemption Ref. No. (if applicable) N/A
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Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:

1. Preparation of an IFB or RFP is not practicable or advantageous to the State because:
 - a. It is difficult to present sufficient information in the solicitation documents; expertise for rendering plants is not locally available to assist the State in preparing such documents. A mainland equipment vendor would need to be hired at considerable expense due to the cost of travel and specialty expertise. The difficulty in preparing a solicitation document is because there are no records of the existing equipment; also, they have been idle for at least five years and their working condition is unknown. To determine the condition of the equipment, the consultant would need the assistance of equipment vendors from the mainland for research and especially to conduct testing. It would be more efficient for rendering equipment vendors to do an evaluation directly using their expertise.
 - b. The heavy dependence on equipment vendors in the preparation of IFB or RFP documents would preclude them from submitting a bid or an offer.

2. Solicitation of an IFB or RFP is not practicable or advantageous to the State since:
 - a. All prospective bidders or offerors will be from the mainland, and they would need to travel to Paauilo to conduct their own examinations and assessments of the existing equipment. Travel costs and the time spent by offerors can amount to thousands of dollars without compensation by the State if not selected; it is anticipated that companies will not be willing to bear this risk for a relatively small rendering plant. Two companies were contacted and stated that they were not willing to travel to Hawaii to provide advice or services without compensation or reimbursement.
 - b. Proposals would be difficult to evaluate since each offeror will have different solutions with different costs; technical merits may be difficult to compare since there is no local expertise available.

Based on the explanations above, it would be advantageous to the State to work with one qualified vendor to negotiate price and equipment repair, refurbishment and/or replacement. This would allow the State to work closely with the vendor to maximize the use of limited funds and to get the most appropriate repair scheme to meet the needs of the rendering plant operator.

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

1. A notice and solicitation of qualifications by interested parties to repair the equipment will be advertised.
2. Vendors that are known to be capable of doing the work will be notified of the solicitation; they would be identified by visits to their company websites and by referrals by the users. Also, the National Renderers Association which is a trade group of companies in the business of meat rendering, will be asked to disseminate our solicitation to other firms they may know of.
3. The solicitation will require vendors to submit descriptions of previous repair projects/installations, a description of their approach to arrive at a solution for this particular project since detailed technical information is not available, and references. They will be required to enter into an agreement with the State of Hawaii and to comply with all applicable terms and conditions.
4. The selected vendor will have the most experience based on previous repair projects/installations that appear applicable, and most logical approach to a solution. Vendors not willing to enter into an agreement with the State of Hawaii and to comply with all applicable terms and conditions will not be considered.

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

DAGS - Public Works, the Department of Agriculture, and representatives from the rendering plant's operating vendor will evaluate all prices furnished and will negotiate a fair price. All negotiations will be conducted by the DAGS Project Coordinator with assistance from the operating vendor, reviewed by the Project Management Branch Chief and Public Works Administrator, and approved by the Administrator and Chief Engineer of the Department of Agriculture, Agricultural Resource Management Division.

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

DAGS - Public Works : Daniel Jandoc, Project Coordinator
 Gina Ichiyama, Section Head
 Eric Nishimoto, Branch Chief
 Gary Shimazu, Contracts Engineer
 Ernest Lau, Public Works Administrator

Dept. of Agriculture: Brian Kau, Administrator & Chief Engineer
 Glenn Okamoto, Civil Engineer

User/operating vendor: Victor Trevino, Chief Operations Officer, Hawaii Beef Producers, Inc.

Direct questions to: Daniel Jandoc	Phone Number: (808) 586-0476
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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.

Russ K. Seit 7/19/05

 Department Head or Designee Date

Comptroller

 Title (If other than Department Head)

Chief Procurement Officer's Comments:

This approval is for the solicitation process only. HRS section 103D-310(c), and HAR section 3-122-112, shall apply.

Please ensure adherence to applicable administrative requirements.

APPROVED

DISAPPROVED

Alan S. Jyhn 8/25/06

 Chief Procurement Officer Date

cc: Administrator,
 State Procurement Office