



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

1. TO: Chief Procurement Officer  
2. FROM: Health, EMD, Solid and Hazardous Waste Branch

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:

1. The CONTRACTOR will assist the STATE in evaluating the segregated rate to determine if the rate needs to be adjusted. Evaluation of the rate shall include sampling procedures that consider the following:
  - a. Weight by separately aggregated size categories of containers (same size) in their unfilled state.
  - b. Weight by variously mixed aggregated sized of containers (different sizes) in their unfilled state.
  - c. The segregated rates for each material type should incorporate a factor for typical contamination levels so refund value and handling fees paid by weight are based on container weights only and not contaminants.
2. The CONTRACTOR will assist the STATE in determining what constitutes a representative sample size including:
  - a. Determine what size of sample is feasible to obtain;
  - b. Examine the number of deposit beverage containers sold and redeemed;
  - c. Examine types of redemption centers;
  - d. Select the number and locations of redemption centers on the islands of Hawaii, Kauai, Maui, and Oahu to sample.

(continued on Attachment A)

4. Name of Vendor: Capital Pathways, LLC  
Address: 2523 Cantara Way  
Sacramento, CA 95835

5. Price:  
\$40,300

6. Term of Contract: From: Approval To: 6/30/07

7. Prior Exemption Ref. No.

8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State: Procurement by competitive means is not practical nor advantageous to the State because time is of the essence for a new segregated rate study to be completed. Operators of certified redemption centers have informed the Deposit Beverage Container (DBC) Program that the segregated rate is no longer accurate and that the public is currently being short-changed on their refunds. Operators claim this is because container manufacturers are making lighter weight packaging for beverages. Lighter weight containers mean more containers per pound than what the current rate states and results in the public getting back less money than they expected if they chose to weigh their containers for refund. The public in general is demanding an expedited reevaluation of current segregated rates in hopes getting revised rates that produce a more accurate 5-cent per container redeemed reimbursement. (continued on Attachment A).

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

Hawaii's Deposit Program is modeled after California's Deposit Program including the use of a segregated rate to determine refunds values based on the number of container per pound. No other deposit state uses a segregated rate. The California program uses its own staff to conduct studies year round.

Capital Pathways, LLC (CP) is a company familiar with conducting segregated rate studies under the CA Department of Conservation (DOC) Deposit Program. CP Executive Director, Scott Dosick, served as Deputy Chief of Recycling for the CA Deposit Program. CP staff, My-Ai Bui, served as the CA Program statistician who was the principal statistician for DOC segregated rate studies. (Continued on Attachment A)

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

10. A description of the agency's internal controls and approval requirements for the exempted procurement:  
 The program will seek approval by all necessary and required people including the Director of Health.

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	
Thomas E. Arizumi	Chief	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Karl Motoyama	Solid Waste Coordinator	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Jennifer Tosaki	Recycling Coordinator	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration
		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration
		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration

13. Direct inquiries to: Department: Department of Health  
 Contact Name: Jennifer Tosaki  
 Phone Number: 586-4226  
 Fax Number: 586-7509

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.*



SEP 27 2006

Department Head

Date

**Reserved for SPO Use Only**

15. Date Notice Posted

9/29/06

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:

Chief Procurement Officer  
 State Procurement Office  
 P.O. Box 119  
 Honolulu, Hawaii 96810-0119

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

Chief Procurement Officer's comments:

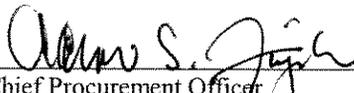
This approval is for the solicitation process only, HRS section 103D-310(c) and HAR section 3-122-112, shall apply.

16.

APPROVED

DISAPPROVED

NO ACTION REQUIRED

  
Chief Procurement Officer

10/6/06  
Date

## **Attachment A**

### Request from Exemption from Chapter 103D (SPO Form No.7)

#### #8 Continued

A segregated rate study needs to be conducted as soon as possible to help ensure the public is getting back the most accurate refund possible when recycling containers by weight.

#### #9 Continued

CP has experience with developing procedures and conducting segregated rate studies for the California Department of Conservation (DOC) Deposit Program.

No other contractor can provide the Department of Health with this specific background and experience in working on segregated rates.