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

1. TO: Chief Procurement Officer
2. FROM: Budget & Finance/Public Utilities Commission

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:
Scanning and Import of backfile Commission documents filed from January 2007 thru April 2008.

4. Name of Vendor: The Dayhuff Group
Address: 740 Lakeview Plaza Boulevard, Suite 300
Worthington, OH 43085

5. Price:
\$~75,000

6. Term of Contract: From: CPO approval To: target 10/08

7. Prior Exemption Ref. No.

8. Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:
See attached.

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

10. A description of the agency's internal controls and approval requirements for the exempted procurement:
The Commission utilizes the Attorney General's template contracts. Therefore, the existing internal controls, vendor compliance document requirements, and approval process required for execution of form AG-002 Rev 07/18/2007, Contract for Goods and Services: Exempt, Small Purchase, Sole Source, or Emergency, will be adhered to. In addition, the following individuals will continue to serve in the listed roles for contract approval and administration process:
1) Carlito Caliboso, Contracting Officer
2) Brooke Kane, Designated Contract Procurement Officer and assists with operational impacts to the Commission
3) Phyllis Paik, Contract Administrator, including payment verification and overall contract compliance

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 |
| Carlito P. Caliboso | Commission Chairman | <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration |
| Leslie H. Kondo | Commissioner | <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration |
| Brooke K. Kane | Administrative Director | <input checked="" type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration |
| Phyllis W. Paik | Administrative Assistant | <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 |

| | |
|--------------------------|--|
| 13. Direct inquiries to: | Department: Public Utilities Commission Contact Name: Brooke Kane Phone Number: 586-2276 Fax Number: 586-2066 |
|--------------------------|--|

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.*

[Signature]
 Department Head

7/25/08
 Date

| Reserved for SPO Use Only |
|---|
| 15. Date Notice Posted <u>7/29/08</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 PUC's representation that the delays are not attributable to the contractor and that the use of the existing contractor to load current files is advantageous to implement their Document Management System. 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**

[Signature] 8/6/08
 Chief Procurement Officer Date

8. The Public Utilities Commission ("Commission") contracted with The Dayhuff Group ("DG") in 2005 via RFP-PUC-05-01 for the development and implementation of a pre-packaged electronic Document Management System ("DMS") ("Contract"). The DMS is designed to allow the Commission to begin transitioning towards a paperless system. More specifically, the DMS is intended to contain electronic copies of the Commission's records, to allow parties to file documents electronically with the Commission, and to facilitate the Commission's internal workings. The DMS is also expected to provide greater transparency into the Commission's dockets and greatly increase public access to Commission records.

The scope of the Contract included the scanning and importing of Commission documents filed thru December 31, 2006 into the DMS. At the time, the Commission anticipated that the DMS would be "live" by the beginning of 2007, i.e., the Commission would be using the DMS as part of daily operations and would be scanning and importing documents into the DMS as they were received. Because of unforeseen delays and other problems with the DMS, the Commission did not go "live" with the DMS until mid-April 2008.

Because of the delay, the DMS does not contain documents filed with the Commission from January 2007 thru mid-April 2008 ("the backfile documents"). Much of the backfile documents pertain to the Commission's current, pending dockets. As such, the Commission cannot achieve the project's intent of moving towards a paperless system. Of greater concern, because the Commission's internal workflow is now based and dependent on the DMS, there is a heightened potential that the missing backfile documents will negatively impact the Commission's work. The Commission also expects that the backfile documents will be of primary interest and use to the public. For that reason and to avoid public confusion about its records, the Commission believes that the DMS must include the backfile documents before the public is allowed access to the DMS via the internet.

In short, the backfile documents must be scanned and imported into the DMS as soon as reasonably possible. The Contract's six (6) month post-implementation support phase will expire in October 2008. It is imperative that the Commission completely roll-out the DMS, i.e., allow public access to the system, within the six (6) month post-implementation timeframe. If not, the Commission will likely be unable to receive full technical support and expertise from DG to address issues that likely will arise once the DMS is accessible by the public without having to incur hourly costs under a future maintenance contract.

SPO-07
Public Utilities Commission
July 7, 2008

Introducing a new vendor to scan and import the backfile documents via competitive bidding will: 1) delay completion of the DMS project primarily because of the new vendor's unfamiliarity with the Commission's records, operations and confidentiality requirements, negatively impacting the Commission work and the public's ability to access the Commission's records via the internet; 2) jeopardize the integrity of the data because best method approaches developed with DG specifically for document scanning and importing services over the past few years will not be applied; and 3) not allow the Commission to completely roll-out the DMS under the post-implementation support phase of the Contract.