



11. P.E. No. 031

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

1. TO: Chief Procurement Officer

2. FROM: DHS / HPHA / CPO

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:

Repair and maintenance of six vacant housing units at Lanakila Homes located on the island of Hawaii by non-profit, for-profit or other volunteer organizations for a 12-month period. The Office of Social Ministry has been selected to repair two vacant units. Selection of an organization(s) has not been completed for the remaining four vacant units.

4. Name of Vendor: see above

Address: n/a

5. Price:

Est. \$444,000

6.

Term of Contract:

From: see above

To:

7. Prior Exemption Ref. No.

8. Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State: Lanakila Homes consists of 230 dwelling units, all of which were planned to be demolished and rebuilt in the late 1990s by the Hawaii Public Housing Authority (HPHA). To date, 168 units have been demolished and rebuilt but there is insufficient funds to rebuild the remaining 62 vacant units to be occupied by families in need of housing. The last 20 unit group costs \$6 million to demolish and rebuild (\$300,000 per unit). The Hilo area waitlist includes over 300 families. In the current fiscal year, the HPHA is facing a financial shortfall of over \$4.2 million dollars. The repair and maintenance of the 62 vacant units by the HPHA or private contractors would be too costly, time consuming and inefficient. We can afford volunteer projects costing approximately \$74,000 per unit, but not \$300,00 per unit. The delay in filling the units with families severely impacts the community as well as the revenue stream for the HPHA.

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

The HPHA is requesting exemption from §103D, HRS to negotiate directly with the Office of Social Ministry (OSM) and as yet to be selected non-profit, for-profit or other volunteer organizations for the repair and maintenance of 6 vacant units at Lanakila Homes, a federal low-income public housing development. In July 2008, the HPHA issued a notice to the local media inviting nonprofit, volunteer service organizations, businesses and others interested to help fix uninhabited vacant units at Lanakila Homes as a pilot project between the government and the private sector. Since that meeting, several other organizations have expressed interest to provide labor to repair the vacant units. OSM would provide coordination services for all the volunteer organizations. [The HPHA will competitively procure, in accordance with §103D, HRS, specialty contractors to do electrical, plumbing, sewer and roof repairs to the vacant unit, estimated at \$33,000 per unit]*

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

Except for the requirement to engage in a competitive selection process, the HPHA does not intend to waive any other established internal controls. All procurement shall be reviewed by the HPHA's Construction Management Section, Contract & Procurement Office, and Executive Director, as appropriate. The Construction Management Section will be responsible to monitor the Contractor's performance, including review of all request for payment. *[Specialty contractors shall be required to be properly licensed in their area of expertise as required by State law.]

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
Chad K. Taniguchi	Executive Director	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
Rick Sogawa	Act Contract & Procurement Offc.	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
Marcel Audant	Acting Housing Development Adm	<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: DHS / HPHA Contact Name: Chad K. Taniguchi Phone Number: 832-4694 Fax Number: 832-4679
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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.*


10/27/08

 Department Head Date

Reserved for SPO Use Only	
	15. Date Notice Posted <u>10/28/08</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: <ul style="list-style-type: none"> Chief Procurement Officer State Procurement Office P.O. Box 119 Honolulu, Hawaii 96810-0119 	
Chief Procurement Officer's comments: <p align="center" style="font-size: 1.2em;">SEE ATTACHED CPO COMMENTS</p>	

16. APPROVED DISAPPROVED NO ACTION REQUIRED


11/12/08

 Chief Procurement Officer Date

P.E. No. 09-031-J

CPO Comments:

HRS Chapter 103D, provides various procurement processes that are designed to insure open competition, that all potential providers are afforded the opportunity to compete for the required services, the State pays a fair price for the goods, services, or construction.

Although it is recognized that the repairs to the six vacant units should be made as soon as possible, allowing various organizations to determine what goods or services are necessary and to allow them to purchase on their own, is not appropriate or advantageous to the State. While the various non-profit groups may provide volunteer labor as required, the HPHA shall conduct the procurement for the required goods, services, or construction.

To expedite the repair of the six vacant units, this request is approved for the purchase of same, like or related goods or services that are \$15,000 to not to exceed \$100,000, using the small purchase process via HePS. Any services requiring specialty/licensed contractors is not included in this exemption approval and shall be procured in accordance with HRS Chapter 103D.

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

This approval does not address the State's liabilities and SPO recommends HPHA consult with the Attorney General's Office.

P.E. No. 09-031-J