



**STATE PROCUREMENT OFFICE
NOTICE OF AMENDMENT TO EXEMPTION FROM CHAPTER
103D, HRS, CONTRACT**

1. TO: Chief Procurement Officer

2. FROM: DAGS/ICSD/TSB

Department/Division/Agency

3. Name of Contractor: Hawaiian Telcom, Inc.

4. P.E. Reference No. 03-32J

5. Description of goods, services, or construction:

Furnishing, Delivering, and Installing a State Telecommunications System for Hawaii State Government (as provided for in Contract CF-95-022-OHMKL).

6. Scope of work for the contract is revised as follows:

To extend the term of the contract from November 15, 2008 to January 14, 2009.

Original Contract Price: \$ Price List

Amended Contract Price: \$ Price List

Estimated
\$1,400,000.00 *Ho*

7. Reason: This / These amendment(s) are necessary because:

See Attachments 1, 2, 3, 4, and 5.

8. Direct questions to: Christopher Lai

Phone: 586-1930 x617

Agency shall ensure adherence to applicable administrative and statutory requirements.

9. Pursuant to § 103D-102, HRS, and § 3-120-5, HAR, I certify that the information provided above is, to the best of my knowledge, true and correct

Christopher Lai

10/30/08

Department Head

Date

Reserved for SPO Use Only

10. Date Posted: *10/30/08*

11. Submit written objections to this notice of intent to amend a procurement exemption contract 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

Chief Procurement Officer's Comments:

12. APPROVED DISAPPROVED

Alan S. Taylor *11/6/08*
Chief Procurement Officer Date

13. P.E. No. *03-32-J*

ATTACHMENT 1

This contract provides statewide Centrex single line and multi-line telephone service, access to public switched networks, telephone instruments, cabling and support structures, installation and repair service, and customer support services. The current amendment extended the contract until November 14, 2008.

A Request for Proposals No. RFP-06-007-SW, to Provide Telephone Services for Hawaii State Government, was issued on May 1, 2006. The evaluation committee reviewed the proposals, received bidder presentations, and conducted several rounds of questions and meetings with bidders. (Proposals were received on September 1, 2006, March 2, 2007, July 31, 2007, November 9, 2007, March 20, 2008, June 20, 2008, August 14, 2008, and September 29, 2008.) On September 29, 2008, the evaluation committee conducted a final review and recommended that Hawaiian Telcom, Inc. be awarded the contract. The State Procurement Office (SPO) issued a Notice of Award on October 2, 2008.

Currently, the Implementation and Acceptance Testing Plans are being reviewed and revised. After the plans are approved, SPO will Award the Contract and issue a Notice to Proceed. Acceptance tests are scheduled for 30 days from November 1 to November 30, 2008. After the contractor has passed the acceptance tests, SPO will issue a Notice of Acceptance with the Official Contract Start Date.

Hawaiian Telcom, Inc. (HT) has offered to extend the existing contract for 60 days, from November 15, 2008 to January 13, 2009 (see Attachment 5), to cover the period between when the current extension ends on November 14, 2008 and the new contract begins. Initially, HT offered a 30-day extension for the old HATS service; however, at the higher new contract rates (see Attachments 2, 3, & 4). After several discussions, HT agreed to a longer extension because the 30-day extension would not cover the necessary time period. Also, HT will provide the new contract service levels for the higher rates.

The table below compares the total monthly rates for single line and multi-line service (including all taxes, fees, and surcharges) at the start of the contract. These are by a wide margin the two highest revenue items on the price list.

	<u>HATS1</u>	<u>New Contract</u>	<u>Increase</u>	<u>Percent</u>
Single Line	\$10.31	\$21.16	\$10.84	105%
Multi-line	\$10.64	\$22.27	\$11.64	109%

	<u>HATS2</u>	<u>New Contract</u>	<u>Increase</u>	<u>Percent</u>
Single Line	\$22.26	\$21.16	-\$1.11	-5%
Multi-line	\$25.07	\$22.27	-\$2.80	-11%

It is recommended that the 60 day extension at the new contract prices and service levels be accepted. The extension will allow for completion of the RFP process including: acceptance tests, acceptance of the State telephone system, and official start of the new contract. Initially, we were opposed to the higher prices if the State did not receive the new levels of service. Subsequently, HT stated that it would provide all services and provisions in the new contract at the start of this extension on November 15, 2008.