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09 JUL 29 09:33

STATE PROCUREMENT OFFICE
STATE OF HAWAII

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

- 1. TO: Chief Procurement Officer
- 2. FROM: Kaho'olawe Island Reserve Commission (KIRC)

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:
On May 19, 2008, KIRC posted IFB No. OPS08-FD01 to solicit bids for 343 food products for its operations and program personnel and volunteers who spend four to eight days at KIRC's base camp at Honokanai'a, Kaho'olawe. All contracted and purchase order food vendors were notified. The solicitation closed on June 6, 2008. Three bids were received for 274 of the 343 products; no bids were received for 69 products. State Procurement Office approval is requested to continue purchasing these 69 items from the four listed vendors using purchase orders. The same situation had previously occurred when KIRC solicited for food products in previous years, and KIRC received SPO approval to purchase the non-bid items via P.O. from the four vendors; the last of these approvals has expired. P.E. No. 08-144-C is attached.

4. Name of Vendor: Love's Bakery, Meadow Gold Dairies, Mor-Rad Address: Foodservice, and Costco Wholesale	5. Price: \$12,000
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6. Term of Contract: From: <u>7/29/2009 date of approval</u> To: 06/30/2010	7. Prior Exemption Ref. No. 8114
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8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State: KIRC has posted food solicitations four times over the last three years, with the same three vendors bidding on approximately 80 percent of the items, and no vendors bidding on approximately 20 percent of the items. All KIRC food vendors were notified of the solicitations, and the same four vendors again chose not to submit bids. KIRC's business with these vendors is relatively small (total average ~\$900 per month), so they do not wish to enter into price-bound contracts. Love's and Meadow Gold are the source vendors for the bread and dairy items, and Mor-Rad and Costco are often the only vendors that carry the other items, at least in bulk quantities.

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:
After four IFBs in three years, KIRC has allowed for very fair and open competition. On P.E. No 08-144-C, KIRC indicated that we would resolicit if we believed conditions have changed in one year; we do not believe conditions have changed.

P.E. No. 08-144-C also noted that KIRC was to solicit quotes via HePS. However, KIRC's total FY09 expenditures with the seven vendors (three with contracts and four with P.O.s) total more than \$72,000, which is above the HePS threshold. Total FY09 expenditures for just the four P.O. vendors is approximately \$12,000 - , which is below the HePS threshold.

10. A description of the agency's internal controls and approval requirements for the exempted procurement:
Orders are processed first through our Logistics Coordinator, and are then approved by the Executive Director. Invoices are compared with orders and are processed by our Administrative Specialist III, with oversight of our Deputy Director.

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
Keone Laepa'a	Logistics Coordinator	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Michele McLean	Deputy director	<input checked="" type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Michael Naho'opi'i	Executive Director	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
David DeMark	Administrative Specialist III	<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: KIRC
 Contact Name: Michele McLean
 Phone Number: 808-243-5030
 Fax Number: 808-243-5885

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.*

N. Laepa'a / *Michele McLean* Department Head Date JUL 15 2009 / 7-27-09

Reserved for SPO Use Only	
	15. Date Notice Posted <u>7/29/09</u>
<p>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> <p align="center">Chief Procurement Officer State Procurement Office P.O. Box 119 Honolulu, Hawaii 96810-0119</p>	
<p>Chief Procurement Officer's comments:</p> <p>Approval is granted provided that the department shall procure the 69 products for shorter periods of time utilizing HePS on an as needed basis. Award shall be in accordance with small purchase procedures pursuant to HAR section 3-122-78, electronic procurement.</p> <p>This approval is for the solicitation process only, HRS section 103D-310(c) and HAR section 3-122-112, shall apply. Department is reminded that procurements \$2,500 or more are required to be posted on the Procurement Reporting System.</p>	

16. APPROVED DISAPPROVED NO ACTION REQUIRED

Alan S. Jagan 9/2/09
 Chief Procurement Officer Date