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

- 1. TO: Chief Procurement Officer
- 2. FROM: DBEDT/Natural Energy Laboratory of Hawaii Authority

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:  
 A failure in the restraining system of the NELHA 40" deep seawater pipeline in the transition area between the weighted bottom mounted pipeline and where the pipeline begins to float off the bottom at 450 feet depth was discovered during a submarine inspection of NELHA pipelines on December 2nd 2007. Approximately 4500 feet of 40" high density polyethylene pipe is now at risk of breaking away and floating to the surface causing a navigational and environmental hazard to public safety. Most significantly, this type of failure would affect most of NELHA's aquaculture tenants' cold, deep seawater supply and have significant economic impact on their businesses. This exemption request is to obtain engineering services to plan, design and project manage the repair work to fix the 40" pipeline at 450 feet depth. The break in the pipeline has not yet occurred and one cannot tell when it might occur but it is likely to take place within the next few years.

4. Name of Vendor: Makai Ocean Engineering Inc Address: PO Box 1206 Kailua, Hawaii 96734	5. Price: \$300,000
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6. Term of Contract: From: Upon CPO app To: 10/31/10	7. Prior Exemption Ref. No. 08-108-C/B
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8. Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:  
 Vendor has planned, designed and acted as Project Manager for the 40" pipeline. Vendor created and possesses all maps and drawings of the pipeline. Vendor participated in all deep diving submersible inspections of NELHA pipelines including the December 2nd, 2007 inspection in which the discovery of the bridle and anchor problems were made. The selection of this vendor will save the State large amounts of time and money.

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:  
 Vendor has planned, designed and managed the construction for all of NELHA pipelines including the 40" pipeline. Vendor is therefore best qualified to design the repair work on the 40" pipeline.  
 An original request for exemption as well as an amendment #1 to extend the expiration date were approved on 4/9/08 and 6/12/08 respectively. The request for an amended exemption extension was sent to DBEDT on 8/17/09. PE 08-108-C/B amendment #2 was disapproved by the CPO on 10/13/09 because the request was received 5 days after the expiration date of the previous exemption (9/30/09). The delay in submitting amendment #2 was primarily due to staffing shortages at DBEDT. The work described in section 3 is still needed thereby requiring the submission of a new request for exemption.

10. A description of the agency's internal controls and approval requirements for the exempted procurement:  
 This procurement will require the approval of the Director of DBEDT. A standard contract will be created and will follow regular contract requirements.

