



STATE PROCUREMENT OFFICE  
NOTICE & REQUEST FOR SOLE SOURCE

TO: Chief Procurement Officer

FROM: Transportation  
Name of Requesting Department

Pursuant to HRS §103D-306 and HAR chapter 3-122, Subchapter 9, the Department requests sole source approval to purchase the following:

1. Describe the goods, services, or construction to be procured.

Provide 2,235 each Permanent Concrete Reactive Tension Barriers, Specification No. TB 990901 Rev. 6, 1 meter long, 18 inches wide and 32 inches tall (zipper barriers) and 77 each Variable Length Barriers, Specification No. TB 990903 Rev. 10. These barriers will be used to replace 2,312 each existing 24 inch unacceptable/degraded barriers currently along the H-1 AM Zipper route. The route referenced runs from Manager's Drive Overpass to Keehi Interchange. This distance is approximately 12.1 miles in length. A previous attached approved sole source request and its backup documents was prepared to provide 3,900 barrier for the period from September 1, 2014 to June 30, 2015. Because of budgetary limitations, only \$1,348,796.00 of the approved \$4,024,000.00 was spent for the noted fiscal year.

2. Vendor/Contractor/Service Provider Name:

Lindsay Transportation Solutions Sales and Service, LLC

3. Amount of Request:

\$2,485,400.00

4. Term of contract (shall not exceed 12 months), if applicable:

From: ~~1-Mar-16~~ 3/22/16

To: 30-Jun-16

5. Prior SPO-001, Sole Source (SS) No.:

SS15-009S

6. Describe in detail the following:

a. The unique features, characteristics, or capabilities of the goods, service or construction.

See attached sheet

b. How the unique features, characteristics or capabilities of the goods, service or construction are essential for the department

See attached sheet

6. Describe in detail the following:

- a. The unique feature, characteristics, or capabilities of the goods, service or construction.

Lindsay Transportation Solutions Sales and Services, LLC is currently the sole source provider of the barriers that are currently used for the Zipper Lane operations (see attached letter from Lindsay). The barrier is a critical component of the system that is currently used to provide an additional lane in the morning for commuters from the west side of Oahu into the downtown Honolulu area. The existing 24" barriers (approximately 15,000 in number) were acquired in 1999 and based on an assessment conducted by the Oahu District Engineering staff in May of 2014, have more than 50 percent of these units that will need to be replaced immediately or in the very near future. Further, these barriers are an older generation barrier and are not consistent in form or function with the newer 18" wide barriers that are currently being produced and are installed in the H-1 AM Zipper Lane. We have only purchased and will be installing only 1,796 of the 7,500 barriers that will need to be replaced.

- b. How the unique features, characteristics or capabilities of the goods, service or construction are essential for the department to accomplish its work.

The barrier is a critical component of the moveable barrier system that is currently used by the Department of Transportation, Highways Division to provide a safe and well maintained AM Zipper program. This system, for continued success, will require ongoing maintenance and measures such as this procurement initiative to insure that the morning traffic congestion is mitigated to the maximum extent possible and the H-1 freeway between Manager's Drive Overpass and the Keehi Interchange is as safe and efficient for the motorist as the Department can provide. The previous amount of barriers as purchased through the previous approved Requisition and Purchase Order, was only the initial of many purchases that will be needed to adequately replace the existing old and deteriorated barriers.

7. Describe the efforts and results in determining that this is the only vendor/contractor/service provider who can provide the goods, services or construction.

Lindsay Transportation Solutions Sales and Service is the only company that can provide the barrier for the system that is compatible with the current 18" barrier, currently installed and with the barrier transfer machine. No other company is capable of or does manufacture this product. (See attached letter from Lindsay.)

8. Alternate source. Describe the other possible sources for the goods, services, or construction that were investigated but did not meet the department's needs.

No other alternative.

9. Identify the primary responsible staff person(s) conducting and managing this procurement. (Appropriate delegated procurement authority and completion of mandatory training required.)

\*Point of contact (Place asterisk after name of person to contact for additional information).

Name	Division/Agency	Phone Number	E-mail Address
Robert Shin	DOT/HWY	831-6700 x127	robert.shin@hawaii.gov
Pratt Kinimaka	DOT/HWY	831-6700 x126	pratt.kinimaka@hawaii.gov

Department shall ensure adherence to applicable administrative and statutory requirements, including HAR chapter 3-122, Subchapter 15, Cost or Pricing Data if required.

**All requirements/approvals and internal controls for this expenditure is the responsibility of the department.  
I certify that the information provided is to the best of my knowledge, true and correct.**

\_\_\_\_\_  
Department Head Signature

3.21.16  
\_\_\_\_\_  
Date

**For Chief Procurement Officer Use Only**

Date Notice Posted: 3/23/16

Submit written objection to this notice to issue a sole source contract within seven calendar days or as otherwise allowed from date notice posted to:

state.procurement.office@hawaii.gov

Chief Procurement Officer (CPO) Comments:

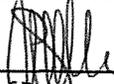
Approval is granted for the period from 3/22/2016 to 6/30/2016 and is based on the department's representation that the barrier products may only be purchased through Lindsay Transportation Solutions Sales and Service, LLC and no other entity is authorized to sell or distribute these products and they are the only products that can be used for the zipper lane. This approval is for the solicitation process only. Pursuant to HRS §103D-310(c) and HAR §3-122-112, the procuring officer shall verify compliance (i.e. vendor is required to provide proof of compliance and may use the Hawaii Compliance Express) for all contracts awarded, and the award is required to be posted on the Awards Reporting System. Copies of the compliance certificate and the award posting are required to be documented in the procurement/contract file.

Sole source contracts in excess of \$100,000 require certified cost or pricing data pursuant to HAR chapter 3-122, subchapter 15 and are required to be documented in the procurement/contract file. Both the certificate of current cost and pricing data, along with the analysis of such data, shall also be documented in the contract file.

It is also suggested that the Department conduct market research on the aging system and compare TCO (total cost of ownership) of a new system with the projected cost of replacing the barriers and other anticipated repairs over the next 5 to 10 years.

If there are any questions, please contact Mara Smith at 587-4704, or [mara.smith@hawaii.gov](mailto:mara.smith@hawaii.gov).

Approved       Disapproved       No Action Required

  
\_\_\_\_\_  
Chief Procurement Officer Signature      Date 4/1/16

January 21<sup>st</sup> 2016

Robert Shin, PE  
Hawaii Department of Transportation  
Honolulu, HI 96813

Via email Robert.Shin@hawaii.gov

Dear Mr. Shin:

This letter is written to convey information pertinent to the sole source procurement for new Concrete Reactive Tension System (CRTS 18") Barrier and RTS Variable Length Barrier (VLB) for the H-1 AM "Zipper System".

Lindsay Transportation Solutions Sales and Service, LLC is the only organization that currently manufactures the subject barriers. They are manufactured to very specific specifications and standards in accordance with TB 990901 Rev 6 for the CRTS 18" and TB 990903 Rev 10 for the VLB's and are proprietary and patent protected.

These barriers are authorized for use on Federal-aid projects without further justification as stated in a Federal Highway Administration (FHWA) letter dated March 25, 1994. The use of this barrier is supported by a public interest finding because no equally suitable alternate product to the Quickchange Moveable Barrier (QMB/Zipper Barrier) exists for its use under certain highway and traffic conditions. In an addendum FHWA letter Dated March 25, 1994 it states that "Based on our review of the available products and the extraordinary operational and safety benefits of the QMB, we have found it is in the public interest to advise the States that a suitable alternative product is not available. Therefore, States' requests to use the QMB on appropriate projects, including any premium or royalties, will be approved for Federal participation".

We provided the information in the previous paragraph not to suggest where the funds are coming from but rather to stipulate that considerable due diligence has been taken by the FHWA to allow States to know equal competition does not exist and that procuring the barrier as a sole source endeavor is justified.

It should be further understood that while there are no equally suitable alternatives today, thus the sole source procurement, the barrier transfer machines have some replacement parts that are commercially available and that can be procured on a competitive basis.

The real value of the system to the Department is that this innovative technology significantly reduces congestion on the H-1 in the morning and provides a positively separated traffic lane to move more commuters with fewer vehicles on an already existing roadway. It is essential that the barrier identified by the District as inferior, and in some cases potentially unsafe, be replaced. The suggested procurement that this letter supports will in part accomplish this requirement.

There should be no question that Lindsay will provide HDOT with "state of the art" barrier. This barrier when combined with other managed lane strategies will insure that morning rush hour commuters have more options and traffic lanes to enter Honolulu from the West side. The cost benefits of the system on the H-1 are well documented. Because the H-1 Zipper is essential and because the system is a reusable asset it is important that it be maintained to the highest standards.

If there is any additional information such as the actual letters from the FHWA that HDOT requires in support of this sole source barrier procurement I am always available. Feel free to contact me at any time.

Sincerely,

Lindsay Transportation Solutions Sales and Service LLC

A handwritten signature in cursive script that reads "Chris Sanders".

Chris Sanders  
Senior Vice President

Date: February 9th 2016

Robert Shin  
Hawaii Department of Transportation  
VIA EMAIL Robert.Shin@hawaii.gov

Dear Mr. Shin:

I have attached some cost figures to help to support the documentation you are preparing for a potential acquisition of additional reactive tension barrier for the H1 Zipper system.

We are providing this information since it is clear from reading HAR 3-122 Chapter 15 that we are required to do so by law. It is unusual to have to provide detailed cost information and I have in fact never done it for any project in the last 20 years except for HDOT in 2014. Please keep this information in confidence and keep in mind the following thoughts.

These are the costs to make barrier and do not include the significant R&D and testing costs that go into developing barrier. In addition while our margins appear generous the sales cycle for these types of projects is long. This particular project has been worked on for about 14 years requiring us to initiate and pay for traffic studies to support the DOT and other customers during their analysis. None of these costs are ever associated with a project and added into cost from a traditional costing perspective. They are part of our sales and marketing efforts.

Barrier production is quite efficient at relatively small quantities (1500 meters and up). The cost to produce barrier drops off slightly and LTS does provide incentives when higher quantities of barrier that are made in a single continuous pour, are ordered.

These lower sales prices (quoted and unchanged to the HIDOT in June of 2014) are reflected in the attached chart. Quantities below 1500 meters have a higher cost to produce and this cost is often offset with a project set up charge or a higher price. As can be seen we are providing preferred pricing to HIDOT for this quantity of barrier over our normal price of \$1,082 per meter.



The RTS Moveable Barrier System is made up of concrete barriers each one meter long and galvanized steel VLB's which are the critical expansion joints for the system. The ratio of VLB's to CRTS units is a function of the desired transfer distance and geometry of where they will be used. As such costs vary when the number of VLB units adjusts for tighter curves and changing geometry. The costs outlined on the following page reflect typical deployments.

The attached depicts a unit cost to produce a VLB as well as a concrete barrier. Below that I have added another table showing the total sales price and profitability for the 2312 meters (Units) of barrier that the suggested dollar amount of this procurement would allow to be purchased.

Please feel free to contact me on my cell phone at 209-610-8724 if you have additional questions.

Sincerely:

Lindsay Transportation Solutions

A handwritten signature in black ink that reads "Chris Sanders". The signature is written in a cursive, flowing style.

Chris Sanders  
Senior Vice President

## Total Costing and Profitability

	Units req	Unit Cost	Unit Sale price	Total Sale	Total Cost	Profit
18" CRTS units	2235	426.72	1,075.00	2,402,625	953,715	1,448,910
VLB's	77	2,856.00	1,075.00	82,775	219,912	(137,137)
	2312			2,485,400	1,173,627	1,311,773

**Cost to produce ONE 18" CRTS barrier and corresponding number of VLB's to make them movable. Assumes volumes less than 1000 - 3600 pcs.**

### 18" CRTS Final Assembly Qty 1000 - 3600 pcs

labor 2 hours per barrier	42.94
materials (Steel and parts	184.00
Concrete	57.62
Forklifts and equipment a	70.49
Mold amortization	27.50
Freight land rental etc	14.97
overhead/ travel hotels e	29.20
Freight from mainland	-
<b>Total Barrier</b>	<b>426.72</b>
<b>Profit</b>	<b>648.28</b>
<b>Total Sale Price</b>	<b>1,075.00</b>

### VLB Assy

VLB cost	2,856.00
Loss	(1,781.00)
<b>Total Sale price</b>	<b>1,075.00</b>

**Price discounts for volume (no change from last year)**

<b>Sale price per meter</b>	<b>Per meter per foot</b>	
Std list price	1,082.00	329.88
> 3601 M to 7500 M	1,006.00	306.71
> 7500 M	973.00	296.65

Permanent Systems		
	Sale Price	
	Per Linear Foot	Price Each
Concrete 24" Series 300	\$265.00	\$869.20
Concrete CRTS TL4	\$355.00	\$1,164.40
Non Moveable CRTS TL4	\$255.00	\$836.40
Concrete CRTS TL3	\$329.88	\$1,082.01
Non Moveable CRTS TL3	\$229.88	\$754.01
Narrow QMB RTS	\$890.00	\$2,919.20
18" Variable Length Barrier (VLB)		\$5,500.00
24" and 13" VLB		\$7,150.00
Delaware Class		\$1,550,000.00
Boston Class		\$1,650,000.00
Hawaii Class		\$1,750,000.00
RTS Construction		\$1,150,000.00

Used Construction Systems Replacement Costs	
Series 200 24" Black hardware per L ft	\$179.00
24" Variable Length Barrier (VLB)	\$6,650.00
All Gates	\$5,500.00
All Gates	\$7,150.00
Construction Machine	\$850,000.00
RTS construction	\$1,100,000.00
SRTS	\$2,750.00
Trailer	\$600,000.00

For barrier quantities in excess of 1000- 3600 meters