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STATE PROCUREMENT OFFICE NOTICE & REQUEST FOR SOLE SOURCE

- 1. TO: Chief Procurement Officer
- 2. FROM: AGR
Department/Division/Agency

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

3. Description of goods, services, or construction:
 (1) Maintain the roadway from where it begins above Kaunakaki to the Molokai Irrigation System (MIS) Waikolu Tunnel (a total of 2.6 miles) including the removal of landslide debris along the open flume section; (2) maintain the roadway along the length of the pipeline (approximately 2.3 miles) from the Access Road west to the main forest road (the Transmission Road), including the removal of plant material, soil, and debris adjacent to the air relief and blowout valves adjacent to the Transmission Road; (3) maintain the roadways in usable condition and re-grade the roadway no more than twice yearly. Should the roadway or valves require additional maintenance throughout the year as a result of adverse weather conditions, also undertake the necessary maintenance in a timely manner.

4. Vendor Name: Molokai Properties Limited Address: 745 Fort Street Mall, Suite 600 Honolulu, HI 96813	5. Price: <u>\$42,750.</u>
6. Term of Contract: (mm/dd/yyyy) Date of Approval From: May 1, 2006 <i>Jc</i> To: <u>June 30, 2011</u>	7. Prior Sole Source Ref No. <u>0</u>

8. Feature: The good, service, or construction has the following unique features, characteristics, or capabilities: Services are to be provided by MPL in lieu of full payment of cash rent. Since 1975, MPL or its predecessor has leased transmission space in DOA's Molokai Irrigation System irrigation pipeline to transmit its own water to a point at which the MIS line ends and which MPL's own transmission line begins. MPL then carries its water to its West Molokai customers. The MIS agreement between MPL and DOA stipulates that MPL provide a total value of \$185,122 annually to DOA. The cash portion of the value is a minimum of \$142,372 with the difference of \$42,750 being provided by MPL in in-kind services. The particulars of the in-kind service must be mutually agreed upon. The services described above in part 3 shall be performed annually in each of the five years of the agreement. (Request is also being made for approval of the five years of this contract). If the value of these services in any year is less than agreed upon, MPL may also provide other services agreeable to DOA. If agreement is not reached, MPL is to pay \$185,122 entirely in cash.

9. Essential features. How the unique features, characteristics, or capabilities are essential for the agency to accomplish its work: The cash and in-kind features allow DOA to collect a cash payment providing a significant portion of total cash collected from all MIS users which in turn contributes to the cost of all of the irrigation systems operated by the DOA. The in-kind feature allows for critical repairs to be made to the infrastructure supporting the MIS system. Having MPL provide road repair and cleaning and clearing services is a tremendous benefit to the MIS. DOA does not have the heavy equipment to perform this maintenance. DOA also does not have the trained heavy equipment operators. We depend on the goodwill of DHHL to lend us their heavy equipment and operators. Currently, the condition of the roads create an inordinate amount of damage to our vehicles which must traverse the roads everyday. It also means that the vehicles must travel much slower than normal thus reducing the work time at the job site. With MPL clearing out the area around the air relief and blowout valves, our crews will be able to perform the maintenance needed to ensure the transmission of the maximum capacity of the pipeline.

11. Alternate source. The following other possible sources for the good, service, or construction were investigated but do not meet our needs because: MPL is the primary landowner around the pipeline. No other entity would be able to get access across these lands without MPL's permission. Furthermore, MPL is the only entity requesting permission to transmit its water through DOA's pipeline to which the DOA is willing to agree, provided that the access roads and valves are kept in usable condition. Other than paying DOA cash to discharge this portion of the rent, MPL would have to hire a contractor to provide the value of the service and they have chosen to do the work themselves. MPL currently only does minimal, or no maintenance on the roads as they have no use for much of the lands over which the road to the DOA pipeline leads.

12. Direct any inquiries to: Department: <u>AGR</u> Contact Name/Title: <u>Duane K. Okamoto, Deputy Director</u>	13 Phone Number: <u>973-9553</u> Fax Number: <u>973-9613</u>
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Expenditure may be processed with a purchase order: Yes No If no, a contract must be executed and funds certified. see attached.

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, correct and that the goods, services, or construction are available through only one source.

Duane K. Okamoto
 Department Head

6/26/07
 Date

Reserved for SPO Use Only

15 Date Notice Posted: 6/28/07

Submit written objections to this intent to issue a sole source 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

16. Chief Procurement Officer's comments:

17.

APPROVED DISAPPROVED NO ACTION REQUIRED

Clayton S. Fegan 7/5/07
Chief Procurement Officer Date