

EX 06-08



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

1. TO: Head of Purchasing Agency
2. FROM: Maui Memorial Medical Center, Patrick Saka, CFO

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:

Upgrade kit for MRI (magnetic resonance imaging) equipment that brings the old machine up to date without having to buy a new MRI machine. The kit will upgrade the capabilities of the old machine to current "state of the art" technology and extend the useful life an estimated 5 years. Original Equipment Maintenance for 5 years is included (\$450,000 for the upgrade kit, and \$750,000 for maintenance and software upgrades).

4. Name of Vendor: Philips Medical Systems, North America

Address: 22180 Bothell Everett Hwy, Bothell, WA
98041

5. Price:

\$1,200,000.

6.

Term of Contract:

From: 6/17/06

To: 6/17/11

7. Prior Exemption Ref. No.

8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State:

The original manufacturer is the only entity that can upgrade the equipment. The only other method of obtaining an up to date MRI machine would be to purchase a new one. This is not practicable nor advantageous to the State/HHSC because a new machine would cost over \$1 million more than the upgrade kit. Maintenance by the original manufacturer is also included.

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:

Reviewed prices for new MRI machines as compared to the price of the upgrade kit; reviewed the features of a new MRI and compared it to the features of the refurbished MRI; reviewed other up grade kits available on the market to determine that they will not work in upgrading this brand of equipment; reviewed the market to determine if any other vendors made or sold upgrade kits designed specifically for this MRI and determined that there were none.

10. A description of the agency's internal controls and approval requirements for the exempted procurement:

Patrick Saka, CFO and Acting REgional Material Manager performed the reviews. Radiology Director Jeanne Rabold, Biomedical Engineering Supervisor, Tom Gebken, reviewed the product issues outlined above, Alice M. Hall, HHSC Director of Contract Management and Kelley Roberson, HHSC CFO/COO reviewed the procurement action/exemption.

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
Nancy Delima	MMMC Regional Contract Manager	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Patrick Saka	MMMC Regional CFO/Mat. Mgr.	<input checked="" type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Alice Hall	HHSC Director of Contract Mgmt.	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
Kelley Roberson	HHSC CFO/COO	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
Thomas Driskill, Jr.	HHSC Pres/CEO, HPA	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration

13. Direct inquiries to: Department: MMC Director of Radiology
 Contact Name: Jeanne Rabold
 Phone Number: 242-2056
 Fax Number: 242-1940

14. This exemption should be considered for list of exemptions attached to Chapter 3-120, HAR: YES NO

Agency shall ensure adherence to applicable administrative and statutory requirements

15. I certify that the information provided above is, to the best of my knowledge, true and correct.

4/7/06

Department Head

PATRICK SAKA CAO/CFO M/MH

Date

16. Date Notice Posted 4-10-06

The Head of the Purchasing Agency 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:

Head of Purchasing Agency
HHSC
3675 Kilauea Ave.
Honolulu, Hawaii 96816

Head of Purchasing Agency's comments:

17. APPROVED DISAPPROVED

Head of Purchasing Agency

Date

Will Need Board Approval and performance before decision on go forward.

11. P.E. No. _____