

EX 06-12

OK to Post
Aust 5/19

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

1. TO: Head of Purchasing Agency
2. FROM: Ron Schurra, East Hawaii Regional CEO

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:

<p>3. Description of goods, services or construction: Upgrade of existing GE Medical Systems Signa Horizon LXI High-Speed Plus 1.5T MRI to a GE Medical Systems Excite HD 1.5T MRI machine based on GE Quotation No. GASC4WA) at Hilo Medical Center. The price will include a 36 month service agreement as well as the upgrade costs. With the upgrades that are being purchased, HMC will have a brand new machine, except for the magnet which will remain from the current machine.</p>	
<p>4. Name of Vendor: GE Medical Systems, Inc. Address: 4828 147th Place, Everett, WA 98208</p>	<p>5. Price: \$1,257,512</p>
<p>6. Term of Contract: From: 06/15/06 To: 06/14/09</p>	<p>7. Prior Exemption Ref. No. 0</p>
<p>8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State: The current MRI machine used at HMC is a GE Medical Systems machine. It was acquired as part of a buy-out of a vendor who had provided MRI services at HMC. We believe it to be impractical to compete for the upgrade as a GE Medical Systems machine cannot be upgraded with parts or equipment from any other manufacturer's product. There also is no secondary market for upgrade equipment to use for the enhancements. If HMC was to purchase a new MRI machine the anticipate cost would be in excess of \$2,000,000 not including a maintenance agreement. We believe that it will be in the best interest of the State and the patients of HMC to continue with GE Medical Systems to upgrade the existing machine. The Board of Directors approved this purchase in their May 11th meeting.</p>	
<p>9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable: Hawaii Health Systems Corporation, d.b.a. Hilo Medical Center will ensure that the purchase of a new MRI machine be conducted through the use of a formal competitive solicitation that will be compliant with 103D, HRS.</p>	
<p>10. A description of the agency's internal controls and approval requirements for the exempted procurement: This exemption shall be from HRS, Section 103-303. All other guidelines, rules and policies under Chapter 103D shall be upheld. HHSC policies and procedures will be followed and periodic reviews of the contract action will be completed.</p>	


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
Ron Schurra	Regional CEO	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
Julie Rukstad	Regional CFO	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
Gary L. Callahan	Contract Manager	<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
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration

13. Direct inquiries to: Department: Contract Manager
 Contact Name: Gary L. Callahan
 Phone Number: 808.974.6887
 Fax Number: 808.933.2793

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.

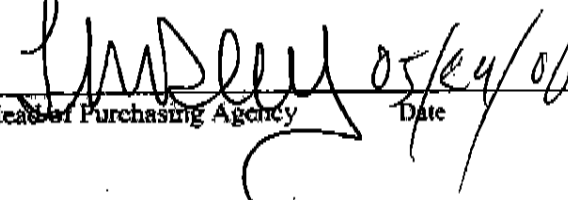

 Department Head Date 5-17-06

16. Date Notice Posted 5/19/06

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 05/19/06