

EX 06-33



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

1. TO: Head of Purchasing Agency
2. FROM: Michael Li, Biomed Specialist

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:

Service, repair, preventative maintenance and technical representation for Olympus Endoscopy and rigid scopes in use at Maui Memorial Hospital, Hilo Medical Center, Kona Community Center, and Kauai Veterans Memorial Hospital.

4. Name of Vendor: Olympus America, Inc.

Address: 3500 Corporate Parkway Center
Center Valley, PA 18034

5. Price:

\$76,047.43

6. Term of Contract:

From: 10/01/06

To: 09/30/07

7. Prior Exemption Ref. No.

0

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

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 can continue to monitor the market in an attempt to find appropriate competition for this vendor. Currently, it appears none exists, and we must maintain and service this system of equipment. In the event suitable competitions is located, prior to any renewal of a current contract, HHSC can notify the vendor that a new competitive solicitation will be issued.

REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)

10. A description of the agency's internal controls and approval requirements for the exempted procurement: The Director of Contract Management reviews request for exemptions for sufficiency prior to submission to the President and CEO for action.

12. A list of agency personnel, by position, who will be involved in the approval process and administration of the contract: Table with columns Name, Position, and Involvement in Process (Approval/Administration).

13. Direct inquiries to: Department: Contract Management, Contact Name: Debra Martin, Phone Number: 808-733-4170, Fax Number: 808-733-4460

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

Handwritten signature of Kelley C. Roberson, Department Head, and date 09/21/06.

Reserved for CFO/Delegat Use Only. 16. Date Notice Posted 9-21-06. 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

REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)

Head of Purchasing Agency's comments:

17.

APPROVED **DISAPPROVED**

[Handwritten Signature] *08/29/06*

 Head of Purchasing Agency Date

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

We believe it to be impractical to compete for maintenance and repair services for Olympus scopes:

1. Should HHSC decide in the future to use Olympus America again, they will overhaul all scopes, replace non-Olympus part used and return scopes to Olympus specifications at HHSC's expense.
2. Olympus provides the hospital with loaners on all equipment to minimize down time while repairs are being made (it is our understanding that there are no other company's that provide this service).
3. The warranty is void if non-Olympus repairs are performed on the scopes or equipment during the warranty period; Only Olympus scopes can be used on Olympus equipment. All facilities listed on proposal have Olympus endoscopic equipment. Therefore, it would be more beneficial to remain with Olympus as any new scopes purchased must be serviced by Olympus to retain the manufacturers warranty.
4. Longevity of Olympus scopes: There are several scopes still in operation since 1997. The Olympus electronic equipment has been through several upgrades, but the scopes have relatively remained the same. Olympus America is regarded an industry standard in endoscopy technology.
5. Olympus America also has a local representative.
6. They do not charge any travel cost for inservices and Olympus provides shipping both ways for scope repairs.

We believe that it is in the best interest of the State and the patients at HHSC to continue with Olympus to service, repair and maintain the existing Olympus scopes.