

Oct. 4. 2006 7:55AM

Kauai Regional Contracts Mgmt.

No. 0506 P. 1

EX-06-34



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

1. TO: Chief Procurement Officer
2. FROM: Orianna Skomoroch, Regional CEO--Kauai

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: Diesel Fuel Purchases for two Kauai HHSC facilities.</p>	
<p>4. Name of Vendor: Kauai Petroleum Senter Petroleum Address: P.O. Box 1128 3011 Akule Lihue, HI 96766 Lihue, HI 96766</p>	<p>5. Price: \$465,000/yr</p>
<p>6. Term of Contract: From: ASAP To: 3 years</p>	<p>7. Prior Exemption Ref. No.</p>
<p>8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State: There are only two diesel fuel providers on Kauai. Kauai has previously opted out of the state bid list to maximized competitive pricing in the Kauai market. To increase competition, having contracts with both vendors that allow Kauai to obtain quotes from both and take the lowest bid each time fuel is needed will MAXIMIZE competition. Conducting an RFP (06-703) resulted in only one response and would not allow Kauai to obtain the lowest price on a regular basis. Continuing with any other procurement method (RFP, IFB) would a) either result in the same two vendors being awarded contracts or b) result in less competition due to lack of responses. Continuing with any other procurement method would not be in the best public interest, would not foster competition, and would not ensure the lowest price for fuel on Kauai.</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: A contract will be offered and given to each of the two vendors (providing tax clearance certificate is obtained). Once contracts are in place, each time fuel is needed quotes will be obtained and documented from each vendor. The lowest price will be taken.</p>	
<p>10. A description of the agency's internal controls and approval requirements for the exempted procurement: A "Diesel Fuel Bid Submission" form has been developed that requires each vendor to submit the price per gallon, provide effective dates, and submit to HHSC--Kauai. This form will be sent to both vendors each time a fuel purchase is needed. The lowest price based on this form will be used to make the purchase.</p>	

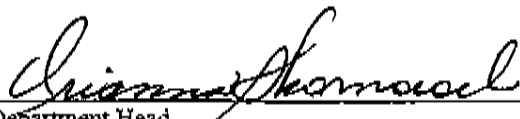
REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)

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	
Orianna Skomoroch	Regional CEO	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Herman Chong	Regional Facilities Manager	<input checked="" type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Mike Perel	Regional CFO	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Cora Shirai	Regional Materials Manager	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
David Laneq	Regional Contracts Manager	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration

13. Direct inquiries to: Department: WKMC/KVMH--Administration--
 Contact Name: David Lane, Ph.D.
 Phone Number: 808-338-9468
 Fax Number: 808-240-2745

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 and correct.


 Department Head

10-03-06
 Date

15. Date Notice Posted 10-5-06

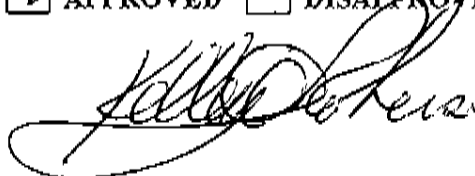
The Chief Procurement Officer is in the process of reviewing this request for exemption from Chapter 103D, HRS. Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven calendar days or as otherwise allowed from the above posted date to:

Chief Procurement Officer
 State Procurement Office
 P.O. Box 119
 Honolulu, Hawaii 96810-0119

Chief Procurement Officer's comments:

Compliance documents shall still be required.

16. APPROVED DISAPPROVED NO ACTION REQUIRED


 Kelley C. Roberson, COO & CFO
 Chief Procurement Officer Date 10/12/06