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

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:
Diesel Fuel Purchases for two Kauai HHSC facilities.

<table>
<thead>
<tr>
<th>4. Name of Vendor</th>
<th>5. Price</th>
</tr>
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<tbody>
<tr>
<td>Kauai Petroleum</td>
<td>$465,000/yr</td>
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<tr>
<td>Senter Petroleum</td>
<td></td>
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</tbody>
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<tbody>
<tr>
<td>From: ASAP</td>
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<td>To: 3 years</td>
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4. 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 maximize 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.

5. 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.

6. 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.
REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Involvement in Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orianna Skomroch</td>
<td>Regional CEO</td>
<td>✗ Approval ✗ Administration</td>
</tr>
<tr>
<td>Herman Chong</td>
<td>Regional Facilities Manager</td>
<td>✗ Approval ✗ Administration</td>
</tr>
<tr>
<td>Mike Perel</td>
<td>Regional CFO</td>
<td>✗ Approval ✗ Administration</td>
</tr>
<tr>
<td>Cora Shirai</td>
<td>Regional Materials Manager</td>
<td>✗ Approval ✗ Administration</td>
</tr>
<tr>
<td>David Laneq</td>
<td>Regional Contracts Manager</td>
<td>✗ Approval ✗ Administration</td>
</tr>
</tbody>
</table>

13. Direct inquiries to:
Department: WKMC/KVMH--Administration--
Contact Name: David Laneq, 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.

[Signature]
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

[Signature]
Chief Procurement Officer

10/12/06
Date

SPO-07 (Rev. 08/01/2006)