

**HAWAII HEALTH SYSTEMS CORPORATION  
NOTICE OF AND REQUEST FOR EXEMPTION  
FROM CHAPTER 103D, HRS**

Number: EX12-005

**1. TO:** Chief Procurement Officer

**2. FROM:** James Brady

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:**

Hawaiian Health Systems Corporation (HHSC) seeks to upgrade and deploy a medical grade data and wireless network at each of its facilities in order to meet the requirements of the EMR/HIS project. Cisco Catalyst 4500 core switches with built-in redundancy will be installed in the MDFs and Catalyst 2960S access switches will be installed in the IDF. Cisco Aironet 3602 wireless access points with Cisco CleanAir technology will be installed throughout the properties and managed by a Cisco 5508 Wireless LAN Controller (WLC) at each site. Cisco Prime LAN Management Solution (LMS) and Cisco Prime Network Control System (NCS) will also be installed. Cisco SmartNet, and Hawaiian Telecom planning, design, site survey, and installation services will also be required, as HHSC does not possess the network engineering resources to complete this project.

**4. Name and Address of Vendor:**

Hawaiian Telcom, Inc.

**5. Price:** \$ 2,900,000

**6. Term of Contract:** From: Date of Execution To: Three Years

**7. Prior Exemption Ref. No.**

**8. Explanation describing how procurement by competitive means is either not practicable or advantageous to the State:** In 2007 the Research Corporation of the University of Hawaii (RCUH) was designated as the Project Coordinator for the implementation of the Pacific Broadband Telehealth Demonstration Network (PBDN) network and serves for the Rural Health Care Division of the Universal Services Administrative Company (USAC). The Telecommunications and Social Informatics Research Program (TASI) of the Social Science Research Institute, College of Social Sciences, University of Hawaii at Manoa, through the RCUH, issued a competitive solicitation using an elaborate RFP process in accordance with procurement policies and procedures of the USAC and the Federal Communications Commission.

In November 2009 a formal RFP was issued by RCUH to implement the PBDN with final bid award made in January 2010. Subsequently HHSC entered into a Memorandum of Agreement with TASI (previously known as TIPG) as Project Coordinator, in order for HHSC to procure the equipment and services necessary to meet the HHSC EMR/HIS project requirements and timelines through the competitively bid Hawaiian Telecom Price List for Cisco products and services. HHSC was notified by UH that the agreement between HHSC and RCUH TASI would no longer be honored, and with the significant time and resources already invested by Hawaiian Telecom and HHSC in the planning, design, and installation of the network infrastructure, there is insufficient time to procure by competitive methods, in order to meet the project timelines without suffering significant financial impacts to HHSC and failed implementation schedule. Without an exemption allowing Hawaiian Telecom to continue their work, the EMR/HIS project will not be met, incurring significant financial consequences to HHSC. Procurement by competitive means is not practicable or advantageous to the State considering the existing equipment and services were competitively bid by TASI.

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

**as practicable:** Due to the reasons outlined in #8 above, direct negotiation with Hawaiian Telecom to procure, install, customize, and deploy the required LAN/WLAN infrastructure will take place. In addition, Hawaiian Telecom has already implementing the network upgrade project currently in progress at HHSC for its new EMR system.

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

The exemption request is reviewed by HHSC senior management and then forwarded to the corporate director of contracts management for additional review in accordance with HHSC policies and procedures. The President and CEO of HHSC (or his delegated CPO) approves the exemption requests covering more than once facility and in accordance with internal procurement policies and procedures. HHSC policies and procedures will be followed and periodic reviews of the contract action will be performed.

**11. 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	
Alan Ito	CIO	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
James Brady	Director of Technical Services	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Joe Evanoff	Director of Contracts	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Edward Chu	Corporate CFO	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration

**12. Direct inquiries to:**

Contact Name: James Brady  
Phone Number: 808-733-4090

Agency shall ensure adherence to applicable administrative and statutory requirements

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

Department Head (Print: Alan Ito )

Date

Reserved for CPO/Delegee Use Only

**14 .Date Notice Posted: 5/31/12** \_\_\_\_\_

The CPO 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 (7) calendar days or as otherwise allowed from the above posted date to: Chief Procurement Officer, HHSC, 3675 Kilauea Ave., Honolulu, Hawaii 96816

**Chief Procurement Officer's comments:**

15.  **APPROVED**

**DISAPPROVED:**

**NO ACTION REQUIREI**

\_\_\_\_\_ HHSC Chief Procurement Officer - *Signature*

\_\_\_\_\_ Date

## HHSC EXEMPTION REQUEST INSTRUCTIONS

PUR 007 (Rev. 1/30/12)

### HHSC PUR 007

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#### HHSC PUR FORM 007- NOTICE OF AND REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS:

##### A. When Used

This form is used by HHSC Corporate Office and System-Wide procurements to declare that the identified goods, services, or construction are under review for procurement with an exemption under Chapter 103D, HRS. The form will be posted by the HHSC Contract Management office – Alison Stransky, on a designated HHSC public website for seven (7) calendar days.

The procurement **EXEMPTION No. (EX #)** located at the top right of the page is the number that will be assigned by the HHSC Contracts Mgt. Office for record keeping purposes.

##### B. General

This form has been formatted to be completed, and then printed. The completed and signed exemption request shall be sent to HHSC Director of Contracts & Materials Mgt. for final review and acceptance:

#### Hawaii Health Systems Corporation

Contracts Department

Attn: Joe Evanoff

[jevanoff@hhsc.org](mailto:jevanoff@hhsc.org)

3675 Kilauea Avenue

Honolulu, HI 96816

##### C. Form Item Usage

**BOX No 1. To.** The form is submitted to the Chief Procurement Officer (CPO) **after** review by HHSC Director of Contracts.

**BOX No 2. From Department.** The name of the department or organization that is requesting the purchase exemption from HRS Chapter 103D.

**BOX No 3. Description of the goods, services, or construction.** Provide a brief, concise description. The description should be limited to the actual good, service, or construction and not how or why it is being requested.

**BOX No 4. Vendor, Address.** The name and address of the vendor that is to provide the goods, services, or construction. If this request involves multiple vendors, please attach a separate sheet providing the required information or each vendor.

**BOX No 5. Price.** Please provide the total price for the goods, services, or construction. If not known, provide an estimated amount.

**BOX No 6. Terms of Contract.** The FROM and TO dates associated with the purchase exemption, format = mm/dd/yyyy. The start date **cannot** be earlier than the date approved by the CPO. If this is a “one-time purchase,” designate this in the space

**BOX No 7. Prior Exemption Reference No.** If a similar request was previously submitted to the HHSC, please provide the number that was assigned to the prior request by the HHSC. HHSC Contract Management Dept. will provide Exemption # for “new” Exemptions.

- BOX No 8. Explanation by procurement by competitive means is either not practicable or advantageous to the State.** The HHSC or requestor must explain why it is not practicable or advantageous to procure the goods, services, or construction by competitive means. The fact that a vendor has prior knowledge or experience is not, by itself, sufficient to justify the exemption. Also, statements such as, "There are no other vendors that have the specialized knowledge to provide the good, services, or construction" must be supported with facts.
- BOX No 9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable.** The HHSC requestor must provide how the vendor was or will be selected. If not issuing a public notice, describe how vendors will be notified and afforded the opportunity to provide the goods, services, or construction as practicable. If direct negotiation with a single vendor, provide the determination for not allowing open competition.
- BOX No 10. A Description of the HHSC's internal controls and approval requirements for the exempted procurement.** Provide a description on the HHSC's processes for review and approvals for the exempted good, service or construction.
- BOX No 11. A list of HHSC personnel, by position, who will be involved in the approval process and administration of the contract.** List the name(s) of personnel who will be responsible for the approval and administration of the exempted good, service, or construction.
- BOX No 12. Direct any inquiries to.** The name of the contracts/purchasing department or HHSC Technical Rep, contact person, contact telephone and fax number to which questions regarding the Notice of and Request for Exemption From Chapter 103D, HRS, are to be directed.
- BOX No 13. Certification by Department Head.** The Department Head or designee by written delegation must certify the information in the request by signing and dating the request.
- BOX No 14. Date Notice Posted/Process to Submit Written Objections/CPO's comments.**
- a. Date notice posted is the date that the Notice of Exemption Form HRS Chapter 103D was posted on the HHSC website by the HHSC Contract Mgt. Office.
  - b. The process to submit written objections is provided. Written objections will be received up to the deadline by the CPO.
  - c. The CPO may provide comments/explanations/conditions to an approved or disapproved request.
- BOX No 15. Approved/Disapproved/No Action Required.** Reserved for the CPO to check the appropriate box, sign, and date the request.

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