

**BOARD OF WATER SUPPLY
CITY AND COUNTY OF HONOLULU
REQUEST FOR EXEMPTION FROM
CHAPTER 103D**

DATE: May 14, 2008

TO: Clifford P. Lum
Manager And Chief Engineer

VIA: Procurement Office

FROM: Marc S. O. Chun
Program Administrator

SUBJECT: REQUEST FOR EXEMPTION FROM CHAPTER 103D
FOR THE SELECTION AND AWARD OF A CONTRACT
FOR THE FURNISHING AND DELIVERY OF GRANULAR
ACTIVATED CARBON FOR THE BOARD OF WATER SUPPLY

Pursuant to Section 103D-102(b)(4), Hawaii Revised Statutes (HRS) and Subchapter 9, Chapter 3-120 of the Hawaii Administrative Rules (HAR), I am recommending that an exemption be granted from the provisions of Chapter 103D, HRS, for selecting a contractor to award a contract for the Furnishing and Delivery of Granular Activated Carbon for the Board of Water Supply.

Vendor Name & address: NORIT Americas Inc.
3200 University Avenue
Marshall, TX 75671

Amount of the contract: To Be Determined

Term of the contract: Six (6) months

Prior exemption contract numbers: none

A. **Background:**

Granular activated carbon ("GAC") is used to remove pesticide contaminants from various Board of Water Supply ("BWS") well sites in Central and Leeward Oahu. This technology insures the drinking water served to the public in these areas complies with all Federal and State drinking water regulations and safe for public consumption. The use of GAC is also specified in these regulations as the technology of choice for the removal of pesticide contaminants.

The coal mine closures throughout the United States and China has caused a scarcity in the available supply of bituminous coal that is used as the starting raw material to make GAC for drinking water treatment to sustain its wells for the next six (6) months. The mine closures have created a sudden and unanticipated shortage and uncertainty in the availability of GAC in the marketplace. The

availability of GAC is essential to the continued functioning of the BWS treatment facilities. If BWS is not able to obtain GAC to maintain our well sites, this will create a situation that threatens public health and safety. Norit presently has sufficient quantities in stock to supply the treatment facilities. Based on these circumstances there is compelling reason to purchase the carbon now from Norit to avoid a lost opportunity and avoid endangering public health and safety by maintaining proper treatment operations through an adequate supply of activated carbon.

B. Describe how procurement by competitive means is neither practicable nor advantageous to the Board of Water Supply (BWS):

The BWS has been, and is currently, working on a new bid solicitation. For various reasons, the three (3) attempts to develop a qualified list of carbon vendors from whom the BWS may purchase carbon have been unsuccessful.

A review of the test results from the last qualified list process show Norit's carbon to be the only submittal that passed the leachate tests. The results also show Norit's carbon to meet all of the GAC quality specifications except for the following parameters:

Iodine number = 922 instead of (greater than) > 950
Mean particle diameter = 1.78 instead of 1.7 maximum
Effective Size = 1.21 instead of 1.1 maximum

According to the GAC industry, iodine numbers ranging between 900-950 will not have a significant impact on GAC life. Further, the mean particle diameter and effective size results are not significantly different from the specifications.

Based on these observations and leachate results, we find Norit's carbon to be acceptable.

Up to this point, there are only two (2) suppliers that, based on prior contracts with the BWS, have met the leachability test requirements in accordance with the BWS's standards.

One of two suppliers was awarded a GAC contract in April 2006. As of October 2006, the BWS has held that supplier in default of their contract to furnish, deliver and off-load granular activated carbon for the BWS's various facilities. There is ongoing litigation between the BWS and the supplier over its default; therefore, it is not in the best interest of the BWS to purchase additional GAC from this supplier.

In addition, it is not in the best interests of the BWS to utilize the second supplier for this procurement as the BWS has experienced late delivery and GAC quality problems with GAC, from the second supplier.

C. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:

A fee for the needed carbon will be negotiated directly with Norit.

Accordingly, I recommend your approval to exempt the award of a contract for the Furnishing and Delivery of Granular Activated Carbon for the Board of Water Supply from the provisions of Chapter 103D, HRS. The application of this exemption will be limited to these facts and circumstances and may not be used as precedence to award any other contracts.

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

Marc S. O. Chun
Requestor

Marc S. O. Chun
Division Head

May 14, 2008
Date

May 14, 2008
Date

Direct Questions to: Marc S. O. Chun

Phone: (808) 748-5800

Date of Public Notice posting: 5/15/08 - 5/23/08

APPROVED AS RECOMMENDED / NOT APPROVED

Clifford P. Lum
CLIFFORD P. LUM
Manager and Chief Engineer

5/27/08
Date

APPROVED AS TO AVAILABILITY OF FUNDS

Paul S. Kikuchi
PAUL S. KIKUCHI
Chief Financial Officer

5/27/08
Date

REVIEWED AS TO PROCUREMENT FORM

Kathryn-Jean Kanemori
KATHRYN-JEAN KANEMORI
Procurement & Specifications Officer

5/15/08
Date

**BOARD OF WATER SUPPLY
CITY AND COUNTY OF HONOLULU**

May 15, 2008
(Date Notice Posted)

**NOTICE OF REQUEST FOR EXEMPTION FROM
CHAPTER 103D HAWAII REVISED STATUTES**

The Manager and Chief Engineer is reviewing a request for exemption from Chapter 103D, Hawaii Revised Statutes for the selection and award of a contract for the furnishing and delivery of granular activated carbon for the Board of Water Supply.

The award shall be made to:

Name of Vendor: NORIT Americas, Inc.
Address of Vendor: 3200 University Avenue
Marshall, Texas 75671
Cost: To be determined
Term of Contract: Six (6) months

Direct any inquiries to: Kathryn Kanemori

Address: Board of Water Supply
Business Development
630 S. Beretania St.
Honolulu, HI 96843

Telephone No.: (808) 748-5078

Fax Telephone No.: (808) 550-9193

Submit written objection(s) to this Notice of Intent to Issue An Exemption from Chapter 103D, HRS within seven (7) calendar days from the date this notice was posted to:

Manager and Chief Engineer
Board of Water Supply
630 S. Beretania St.
Honolulu, HI 96843

Telephone No. (808) 748-5078

103D Exemption Reference No.: BWS 08-07