To: Chief Procurement Officer

'06 MAY 18 A8:30

From: DHS/BESSD/FAP(LIHEAP)
Department/Division/Agency

ADMINISTRATION
STATE PROCUREMENT OFFICE
STATE OF HAWAII

Pursuant to § 103F-101(a)(4), HRS, and Chapter 3-141, HAR, the Department requests a procurement exemption to purchase the following:

Title and description of health and human service(s):
Processing of Oahu applications, performing outreach and record-keeping in order to implement the Low-Income Home Energy Assistance Program (LIHEAP) for the Department of Human Services for federal fiscal year 2006.

Provider Name:	Total Contract Funds:	Term of Contract:	
Honolulu Community Action Program (HCAP)	$74,091	From:	To:
Provider Address:	Contract Funds per Year (as applicable).	06/01/06	08/31/06
1109 Maunakea St. 2nd Floor Honolulu, HI 96817			

Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:
Competitive procurement would result in non-compliance with federal law and funding requirements. Public Laws 97-35 and 98-558 require that for state grantees to receive LIHEAP funds, the Governor must assure that special consideration be given to any local public or private nonprofit agency within the state which 1) was receiving federal funds under any low-income energy assistance or weatherization program under the Economic Opportunity Act of 1964, and 2) has the capacity to undertake a timely and effective energy crisis intervention program and the ability to carry out the program in the local community. There are four community action agencies in Hawaii. HCAP is one of those four agencies and is responsible for Oahu. No other agencies meet a single requirement, much less both. Since the start of LIHEAP in Hawaii in 1980, these same four agencies are the only agencies which have implemented the program for the Department because they are approved at both state and federal levels. Prior approvals: PEH 05-27, PEH 04-26, PEH 03-28, PEH 02-09, etc.

Details of the process or procedure to be followed in selecting the service provider to ensure maximum fair and open competition as practicable:
All providers within the state were looked at to ensure none is adversely affected or wrongly denied participation. HCAP, HCEOC, MEO, and KEO are the four community action agencies (CAPS) formed in 1964 in the Governor's office and the Health and Community Services Council. These are the only agencies in Hawaii established under the Economic Opportunity Act of 1964. They were the original operators of the low-income energy assistance program from that program's inception in 1980 until the Governor assigned LIHEAP administration to the Department of Human Services circa 1982. These four agencies are also the only agencies in Hawaii that have operated, and continue to operate to this day, the federal weatherization program. In addition to LIHEAP and weatherization, they implement, for the State, other Community Services Block Grant programs, such as Head Start, as well as the food distribution program for the State. They are the most effective in providing service to their communities and outreaching to potential LIHEAP eligibles because of their grass-roots organization established over 35 years ago.

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PEH No. 06-49

A description of the state agency's internal controls and approval requirements for the exempted procurement:
A Memorandum of Agreement is established between the Department and each community action agency. Training of CAP staff and monitoring of its performance is conducted by the LIHEAP State Coordinator who is an employee of the Department of Human Services. Reviews and additional controls are established by having the publicly regulated utility companies check and compare every record submitted by the CAP against utility company data. The Department designs and provides the computer programs given to each CAP and establishes procedures by which each agency must document its records, including controls designed to check for duplication and to flag inconsistent data or unusual activity. The Department intakes all data into the State database and monitors for waste, fraud and abuse. The Department gathers and validates federally required information for congressionally required and other mandatory and scheduled federal reports. CAP agencies are limited to processing applications and submitting records to the State, which reviews each record for appropriateness of processing. The Department, and not the CAP agencies, processes all payments to eligible households. Payments are processed through the State's fiscal operations, DAGS and FAMIS. No direct funds are issued or administered by the CAPS. Important and necessary procedures (consistent application processing, uniformity of policy application, appropriate response to applicants and recipients, confidentiality, fair hearing and appeals activities, follow-up, etc.) are built into training, monitoring, and case review activities and issued to the agencies by the Department.

A list of state agency personnel, by position title, who will be involved in the approval process and administration of the contract:
Patricia Williams, LIHEAP State Coordinator
Kris Foster, Financial Assistance Program Administrator
Patricia Murakami, Benefit and Employment Support Services Division Administrator

Direct questions to (name & position):	Phone number:	e-mail address:
Patricia Williams	586-5734	pwilliams@dhs.hawaii.gov

This exemption should be considered for list of exemptions attached to Chapter 3-141, HAR: Yes ☒ No ☐

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

Department Head Signature — MAY 1 1 2006 *Date*

Lillian B. Koller, Esq. *Typed Name* — Director of Human Services *Position Title*

Chief Procurement Officer's Comments:

Please ensure adherence to applicable administrative requirements.

☒ Approved ☐ Denied *Chief Procurement Officer* — 5/31/06 *Date*

cc: Administrator
State Procurement Office

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