

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

DATE: NOVEMBER 10, 2020

TO: ERNEST Y. W. LAU, P.E.
MANAGER AND CHIEF ENGINEER

VIA: PROCUREMENT OFFICE

FROM: JOE COOPER
WATERWORKS CONTROLLER
FINANCE DIVISION

RE: REQUEST FOR EXEMPTION FROM CHAPTER 103D TO
PROVIDE FINANCIAL AUDIT SERVICES

Pursuant to §103D-102(b)(4)(L), Hawaii Revised Statutes (HRS) and §3-120-5, Hawaii Administrative Rules (HAR), I am recommending that an exemption be granted from the solicitation process under the provisions of Chapter 103D, HRS, to select a contractor to award a contract to provide Financial Audit Services to the Board of Water Supply (BWS).

Vendor Name & address: N&K CPAs, Inc.
999 Bishop Street, Suite 2200
Honolulu, Hawaii 96813

Amount of the contract: ~~\$200,000~~ ^{180,000 BWS} ✓

Prior exemption contract numbers: None

A. Background:

The BWS is required under Article VII, Section 7-108 of the Revised City Charter to have a certified public accountant annually examine its accounts and financial status and prepare a report for submittal to the mayor and city council. The services provided by the certified public accountant include: (1) a financial and single audit of the transactions, accounts, and books of the BWS for the fiscal year; (2) an examination of the systems and procedures for accounting, reporting, and operational and internal controls of the BWS; and (3) compliance audit of applicable Federal requirements.

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

Project Category 21-38F for Financial Audit Services was advertised in the Fiscal Year 2021 annual Notice to Providers of Professional Services posted on the BWS Procurement website on April 30, 2020. The initial deadline for statements of qualifications to be eligible for consideration for the entire fiscal year was on June 1, 2020. Only one submittal was received. To date only one other submittal has been received leaving the BWS still short of the minimum requirement of three.

Given the project complexity, knowledge and resources required, the continued solicitation pursuant to §103D-304, HRS, is not expected to produce the required three qualified vendor submittals. It is highly unlikely that the use of a request for competitive proposals pursuant to §103D-303, HRS, would yield more responses than was received when the BWS posted the request for qualifications pursuant to §103D-304, HRS. Additionally, qualifications and experience are the main determining factors in selecting a vendor rather than price and as such, the use of the competitive sealed bid selection process pursuant to §103D-302, HRS, is not practicable.

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

A selection committee composed of the Assistant Waterworks Controller and two senior accountants considered the qualifications of both firms that submitted statements of qualifications. N&K CPAs, Inc. received a higher ranking from all committee members.

Accordingly, I recommend your approval to award a contract to N&K CPAs, Inc. to provide Financial Audit Services to the Board of Water Supply which will be exempt from the solicitation process of Chapter 103D, HRS. §103D-310(c), HRS, and §3-122-12, HAR (Responsibility of Offerors) shall apply. 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.

Amadi
Requestor

Cooper
Division Head

11/12/20
Date

11/12/20
Date

Direct Questions to: Joe Cooper Phone: (808) 748-5105

Date of Public Notice posting: 11/17/2020 - NOV 25 2020

APPROVED AS RECOMMENDED / NOT APPROVED

Ernest Y.W. Lau
ERNEST Y.W. LAU, P.E.
Manager and Chief Engineer

12/30/2020
Date

APPROVED AS TO AVAILABILITY OF FUNDS

2021-820-3021 (C21590001)
(5900.4270)

Cooper
FINANCE

11/16/20
Date

MH
11/16/20

21

REVIEWED AS TO PROCUREMENT FORM

[Signature]
PROCUREMENT OFFICE

12/29/20
Date

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

November 17, 2020
(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 (HRS), to award a contract for Financial Audit Services.

The award shall be made to:

Name of Vendor: N&K CPAs, Inc.
Address of Vendor: 999 Bishop Street, Suite 2200
Honolulu, Hawaii 96813
Cost: Estimated \$200,000.00
Term of Contract: 1 year

Direct any inquiries to: Kathryn Hoffman

Address: Board of Water Supply
Procurement Office
630 S. Beretania St.
Honolulu, HI 96843

Telephone No.: (808) 748-5071

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) 748-5071

103D Exemption Reference No.: BWS 21-05-EX

BOARD OF WATER SUPPLY

CITY AND COUNTY OF HONOLULU
630 SOUTH BERETANIA STREET
HONOLULU, HI 96843
www.boardofwatersupply.com



January 12, 2021

KIRK CALDWELL, MAYOR

BRYAN P. ANDAYA, Chair
KAPUA SPROAT, Vice Chair
RAY C. SOON
MAX J. SWORD

ROSS S. SASAMURA, Ex-Officio
JADE T. BUTAY, Ex-Officio

ERNEST Y. W. LAU, P.E.
Manager and Chief Engineer

ELLEN E. KITAMURA, P.E.
Deputy Manager and Chief Engineer

Mr. Blake Isobe
N&K CPAs, Inc.
999 Bishop Street, Suite 2200
Honolulu, Hawaii 96813

Dear Mr. Isobe:

Subject: Financial Audit Services

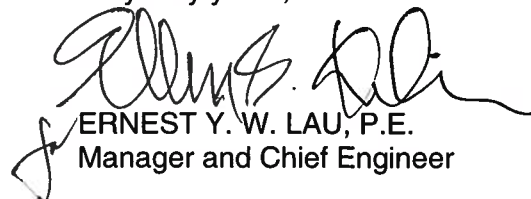
USPS TRACKING # **9114 9023 0722 4869 4565 07**
& CUSTOMER For Tracking or inquiries go to USPS.com
RECEIPT LABEL (ROLL) or call 1-800-222-1811.

I am pleased to inform you that the Board of Water Supply (BWS) is awarding the above-stated Professional Services Contract to N&K CPAs, Inc. Enclosed is the Contract and attachments for your review and execution. If it meets your approval, please have the authorized person sign it before a notary public and submit the following documents with the executed Contract within **ten (10) business days of receipt of this letter**:

1. Proof of insurance such as a Certificate of Insurance that includes the Commercial General Liability Insurance, Workers' Compensation and Employer's Liability Insurance, Professional Liability Insurance, and Business Automobile Liability Insurance. **Please note, pursuant to Article 8 of the General Terms and Conditions, The Board of Water Supply and The City and County of Honolulu must be named additional insureds on the Certificate of Insurance.**
2. If your company is a corporation, the corporate seal must be affixed to the signatures of the person(s) signing the Contract. If the corporate seal is not readily available, the notary public must so indicate on the acknowledgement.
3. Evidence of authority of the Contractor's representative to sign the Contract dated within the last six (6) months (e.g. a corporate resolution of the Board of Directors or Managers, Members, or Partners).

Return the executed Contract with the above-mentioned documents to the Board of Water Supply, Procurement Office, 630 South Beretania Street, Room 201, Honolulu, Hawaii, 96843. If you are unable to provide the above-mentioned documents, the BWS will not be able to enter into a contract with you. Should you require clarification or if you have any questions, please contact the Procurement Office 748-5071. Thank you for expressing an interest in working with the BWS.

Very truly yours,


ERNEST Y. W. LAU, P.E.
Manager and Chief Engineer

EW
KH

Enclosure