



HONOLULU AUTHORITY FOR RAPID TRANSPORTATION
Notice & Request for Sole Source Procurement
For Rail Materials Storage by Sause Bros., Inc.

TO: Daniel A. Grabauskas, Executive Director and CEO
FROM: Nicole Chapman, Director of Procurement and Contracts

In accordance with Hawaii Revised Statutes § 103D-306 and the Hawaii Administrative Rules §§ 3-122-81 and 3-122-82, we request approval for the following sole source procurement:

Date: 7/20/2016 Estimated Contract Cost: \$1,310,925
Description of Project or Procurement:
HART requires long-term storage for rail materials. The rail materials are currently being stored by Sause Bros., Inc. (Sause) by HART's MSF contractor under an agreement which expires on July 31, 2016.

Description of the goods, service, or construction (unique feature, characteristic, or capability) and why it is essential to HART to accomplish its work:
See attached justification.

Explanation of why the goods, service, or construction is available from only one supplier or source:
See attached justification.

Explanation of why it would not be practicable or advantageous to HART to use competitive bidding:
See attached justification.

Name and Address of Sole Source Vendor:
Sause Bros., Inc.
3710 NW Front Ave.
Portland, Oregon 97210

Descriptions of the process or procedures used to conduct negotiations with the sole source vendor to determine the factors as cost, quality, terms, and delivery:
HART will perform a cost analysis to determine if the price is fair and reasonable before contracting for the services.

Contract Term:

The contract period for a sole source procurement shall not exceed one (1) year, unless approval is granted for a multi-term contract pursuant to HAR § 3-122-149. The duration of the contract is expected to be three (3) years, with three 1-year options to extend. Accordingly, approval of a multi-term contract will be submitted as well.

Upon approval of the sole source procurement request, a copy of this notice shall be posted on the City's Department of Budget and Fiscal Services, Division of Purchasing's website at least seven (7) calendar days prior to any approval action.

Any inquiries shall be directed to: Transitmailbox@honolulu.gov

Date Notice Posted: July 20, 2016

Submit written objections to this notice to issue sole source within seven (7) calendar days from the above posted date to:

Daniel A. Grabauskas
Executive Director and CEO
Honolulu Authority for Rapid Transportation (HART)
1099 Alakea Street, Suite 1700
Honolulu, Hawaii 96813

To the best of my knowledge, the information provided above is true and correct.

Recommend approval:



Procurement and Contracts Officer

7/20/16

Date

Executive Director and CEO's comments:

APPROVED

DISAPPROVED

Executive Director and CEO

Date

Sole Source Justification for Rail Material Storage

Under its design-build contract for the Maintenance and Storage Facility, Kiewit/Kobayashi Joint Venture (KKJV) procured all rail materials for the entire Honolulu Rapid Transit Project (H RTP). The rail materials include, but are not limited to, running rail, restraining rail, contact rail, contact rail coverboards, fasteners, and powered switch machines. KKJV stored the rail materials at the Sause Bros., Inc. (Sause) storage yard and The Pasha Group (Pasha) storage yard as follows:

Item	Location	Current Qty.
115# High Strength Running Rail, TNS	Sause	4,809
Restraining Rail, LF	Sause	2,496
Powered Switch Machines, EA	Pasha	49
Direct Fixation Fasteners, EA	Pasha	111,067
#10 Double Crossovers, EA	Pasha	8
Contact Rail (39-foot segments), EA	Sause	3,930
Contact Rail Splice Joint Assembly, EA	Pasha	3,058
Contact Rail Support Insulator Assembly (10-foot spacing), EA	Pasha	13,105
Contact Rail Mid-Point Anchor Assembly, EA	Pasha	292
Contact Rail End Approach (10'-9 11/16" long), EA	Pasha	208
Contact Rail End Approach (6'-9 11/16" long), EA	Pasha	84
Contact Rail Expansion Joint Assembly (795-foot spacing), EA	Pasha	139
Contact Rail Coverboard (10-foot sections) (EA)	Pasha	13,945
Contact Rail Coverboard expansion joints (EA)	Pasha	135

At the time MSF procured the rail materials, it was anticipated that all of the contracts which involved the construction of the H RTP guideway would be awarded prior to MSF's anticipated substantial completion date and as such, KKJV would be able to transfer the remaining rail materials directly to the respective guideway contractors. The respective contractors would then be responsible for the storage of their rail materials until incorporated into their projects. KKJV agreed to maintain its responsibility for storage of the rail materials at the Sause and Pasha storage yards until July 31, 2016.

Because HART has not yet awarded and issued a notice to proceed for the construction contracts for the east side, there is no east side contractor who can assume the responsibility for the storage of the east side rail materials. It is therefore essential that HART assume responsibility for the storage of the rail materials at Sause and Pasha until a contractor is on board.

HART commenced development of the procurement documents to competitively bid the storage services; however, the facts revealed that due to the size, nature, and large quantity of rail materials, it was not feasible to move the large quantity of very heavy materials to another yard,

if such an alternative yard was even available. The rail materials would require a minimum storage area of approximately 7.5 acres.

Competitively bidding the storage services would require that the rail materials be relocated to the successful contractor's storage yard at HART's expense. In order to understand the potential cost of such a move, HART requested that Kiewit Infrastructure West Co. (KIWC), the design-build contractor for the Kamehameha Highway Guideway contract, submit a cost proposal for moving the rail materials from the Sause storage yard to the Pasha storage yard. KIWC subsequently submitted a cost proposal of approximately \$2,024,000 for the move (see attached).

HART understands that the high cost of moving the rail materials is due in large part to the logistical aspects of handling the long rail sticks (i.e., 40'-80' in length). Transporting the long rail sticks would require that extended trailers be fabricated so as not to tie up the ongoing construction operations at a cost of approximately \$100,000 per built trailer. Based on the number of long rail sticks, it was estimated that at least four (4) extended trailers would need to be fabricated. In addition, due to the extended lengths of the trailers, the State of Hawaii, Department of Transportation requires that such moves only occur during non-working or nighttime hours. Conducting the move during nighttime hours requires the use of several portable generator-powered light towers for loading/unloading operations. Assuming that each extended trailer can hold up to six long rail sticks, HART estimates that it would take approximately 500-600 truckloads over the course of 3-4 months. HART further estimates that it may need to procure additional rail materials due to damage that may be sustained to some of the rail materials during such a move.

Even if cost were not a factor, there does not appear to be sufficient equipment available to handle/load the rail materials at another storage yard. When KKJV initially procured the rail materials, Kiewit had two (2) specialty rail pickers fabricated in a joint engineering effort with Sause. The specialty rail pickers are designed to handle/move six long rail sticks at a time and are located at the Sause storage yard. One of the specialty rail pickers, however, was damaged during operations and has not been repaired. Because Sause only has one remaining specialty rail picker and because the specialty rail picker appears to be the result of a proprietary design, Sause declined to lend out its specialty rail pickers. Thus, if the long rail sticks were to be moved to another storage yard, HART would not have the appropriate equipment to handle and load the long rail sticks in a timely manner.

Based on the foregoing, HART does not believe that it would be practicable or advantageous to move the existing rail materials. Therefore, a sole source procurement is justified and a competitive procurement to solicit bids from alternative storage yards on Oahu (if any) would be highly impractical and potentially impossible.