

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Division of Forestry and Wildlife
Honolulu, Hawaii 96813

January 27, 2017

Chairperson and Members
Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Land Board Members:

SUBJECT: REQUEST FOR APPROVAL FOR SELECTION OF A COMPETITIVE SEALED PROCESS FOR A CARBON FORESTRY PROJECT IN PU‘U MALI RESTORATION AREA, MAUNA KEA FOREST RESERVE, HAMAKUA, HAWAI‘I COUNTY, TAX MAP KEY: (3) 4-3-010:009 PORTION

This board submittal requests approval to issue a Request for Proposals (RFP) under the competitive seal proposal process for the purposes of a carbon forestry project at the Pu‘u Mali Restoration Area, Mauna Kea Forest Reserve, Tax Map Key (TMK) (3) 4-3-010:009 portion, Hamakua District, Hawaii County, pursuant to Chapter 103D-303 Hawaii Revised Statutes (HRS) and Chapter 3-122 subchapter 6 Hawaii Administrative Rules (HAR).

BACKGROUND

The Division of Forestry and Wildlife (DOFAW) is exploring options for new revenue streams from the various ecosystem services provided by the lands under its jurisdiction to supplement funding of natural resource management activities. Carbon sequestration (i.e.: the long-term storage of atmospheric carbon dioxide to mitigate for global climate change) is an ecosystem service for which a market, for both compliance and voluntary carbon offsets, already exists. This market received recent attention with the Hawai‘i State Legislature¹. A forest carbon project directly contributes to several objectives in the Aloha+ Challenge Declaration and Governor Ige’s Sustainable Hawai‘i Initiative, specifically increasing the area of healthy forests, reversing the trend of natural resource loss, improving watershed protection, and restoring native species by 2030.²

¹ E.g., see the Aloha+ Challenge, [House Bill 2558](#) of the 28th Legislature and the 2009 report “The Emission-Reduction Potential of Native Forest Restoration in Hawaii” by the Hawaii Greenhouse Gas Emissions Reduction Task Force.

² See the targets for Natural Resource Management, Smart Sustainable Communities, and Green Workforce of the Aloha+ Challenge Declaration (Office of the Governor, State of Hawai‘i): http://hawaiigreengrowth.org/images/aloha_plus_challenge/Aloha_Challenge_Declaration.pdf

The Division is proposing to partner with a private entity for a carbon forestry project at the Pu'u Mali Restoration Area (PMRA) within the Mauna Kea Forest Reserve, TMK: (3) 4-3-010:009 portion in the Hamakua District of Hawai'i County. The Pu'u Mali Restoration Area is designated by the State of Hawai'i as Agriculture District and as Agriculture by the County of Hawai'i. The project includes the reforestation of the area with native trees in conjunction with adherence to a greenhouse gas emission reduction standard (i.e.: carbon standard) for the production of carbon offset credits. If DOFAW were to reforest and maintain the area without a carbon forestry component the costs are estimated to total \$5.3 million. A carbon forestry project could create revenues through the sale of tons of sequestration carbon created through reforestation activities and associated with the tree growth. The ultimate sale of those carbon sequestration "credits" can offset, fully cover, or even exceed the costs of the initial restoration. Generally, carbon sequestration credits are eligible for sale through existing voluntary and compliance carbon markets found throughout the world.

The development and implementation of reforestation projects can be very costly and staff intensive for the State. Additionally, the process for the issuance of forest carbon credits under any of the various carbon standards would require a substantial amount of staff time and financial resources to meet the required project documentation and verification by third-party auditors. The Division believes that an agreement with an private entity could allow the Department to participate in existing carbon markets with minimal or no startup funding and a minimal increase to staff workloads. Further, an agreement with an private entity experienced in carbon forestry operations would extend the private entity's expertise to DOFAW.

The area, PMRA, was originally encumbered by leases issued by the Department to multiple private entities for pasture purposes. At its meetings of December 14, 2001 and November 15, 2002, the Board approved the grant of a ten-year term, non-exclusive easement to the State Department of Transportation as mitigation of impacts to Palila Critical Habitat (PCH) caused by the Saddle Road Improvement Project. This area was fenced and domestic and feral ungulates were removed. Beginning in 2004 and continuing presently, DOFAW has conducted a forest restoration program at PMRA to provide and enhance long-term habitat for palila.

The U.S. Fish and Wildlife Service (USFWS) in consultation with the Federal Highway Administration (FHWA) issued a new Biological Opinion for the Saddle Road Improvement Project as of September 11, 2009 requiring that the PCH mitigation area serve as long-term habitat for palila recovery. Thus USFWS, FHWA and the Department determined the area should be added to the State Forest Reserve System to comply with the Biological Opinion and allow the Saddle Road Improvement Project to continue.

At its meetings on September 9th and December 9th 2010, and February 25th, 2011, the Board approved the withdrawal of the PCH mitigation area from the pasture leases. The Board, at its meeting on April 8, 2016, approved the addition of the PMRA to Mauna Kea Forest Reserve. On October 17, 2016 the Governor of the State of Hawai'i signed the Executive Order no. 4512 setting aside the PMRA consisting of 5140.645 acres, more or less, for addition to Mauna Kea Forest Reserve under the management authority of DOFAW. The Executive Order is subject to disapproval by the 29th Legislature, 2017 by two-thirds vote of either the Senate or the House of Representatives or by majority vote of both, in any regular or special session.

There is still considerable reforestation that must take place at PMRA to ensure the palila will be able to utilize this area as habitat. A public-private partnership, as proposed through this solicitation, would assist with the needed reforestation at PMRA as well as explore opportunities in the carbon compliance or voluntary markets. To analyze the possibility and legal implications of carbon forestry projects in Hawai‘i, DOFAW consulted with the Office of the Attorney General to assure that the best interests of the Department and the public natural resources are upheld through such a project. The Attorney General's Office is recommending contractual relationship with an operator based on the issuance of a RFP awarding a land disposition that would likely consist of a land license or term easement.

DISCUSSION

As this type of public-private partnership is relatively new in the state and this is the first attempt by the Department to participate in a carbon forestry project, the Division is recommending a competitive seal proposal process to solicit interest in this type of partnership, allow for competition, and ensure the State's interests are maintained.

Site Selection

Pu‘u Mali Reforestation Area has been selected as the location for this potential forestry carbon project for the following reasons: 1) the area is designated as high priority for increasing habitat for the federally protected endangered species, palila; 2) the area is already slated for reforestation by the Division with support from Mauna Kea Forest Restoration Project (MKFRP); and 3) the area provides sufficient acreage and accessibility for efficient reforestation operations under a forestry carbon project.

Guiding Principles for the Request for Proposals

The following guiding principles will be used in the solicitation for a carbon forestry project at PMRA, and all submitted proposals must comply with:

1. **Habitat Restoration:** If conflicting with other project objectives, habitat restoration for the endangered palila (*Loxioides bailleui*) will be the first priority for this project. This includes but is not limited to planting a sufficient portion of key native species for the palila, such as mamane (*Sophora chrysophylla*).
2. **Soil and Water Protection:** Effective soil erosion control practices, safe use of herbicides, adherence to the Best Management Practices for Maintaining Water Quality in Hawai‘i.
3. **Native Ecosystem:** Only native species will be planted.
4. **Involvement of the Public:** Community support and involvement will be a central component of this project. Applicants submitting proposals will engage and build collaborative relationships with the community and public. This could include public involvement in project planning and development as well as implementation of reforestation activities.
5. **Research and Education:** The PMRA will be available for research and education activities to contribute to environmental knowledge and awareness.
6. **Public Access:** PMRA will remain open to the public for hunting, recreational and gathering activities including game bird hunting during the regular game bird season.
7. **Ecosystem Conservation:** Tree removal will be limited to forest health management (e.g., wildfire prevention and pest management) and road maintenance activities. Special harvesting permits for the cultural gathering of native species in the area may be granted

by DOFAW.

Infrastructure

The Pu'u Mali Reforestation Area includes existing infrastructure (i.e. the cabin) that could be made available to the project operator to support reforestation activities. The Division will reserve the right to temporarily use these facilities for its management activities. The details would be reviewed based on the applicant's proposal.

Land Disposition

The solicitation of a RFP for a carbon forestry project would include an award of a suitable land disposition, such as a right of entry, special use permit, land license, or term easement that would allow the private entity to develop and implement a carbon forestry project on the PMRA while ensuring that public access would not be unduly restricted. The ultimate land disposition will be determined based on the submitted proposals, requirements of the selected carbon standard, and in consultation with the Attorney General's Office.

Certification

The majority of carbon sequestration credits sold through voluntary or compliance markets are certified with a carbon standard. Certifying through a carbon standard ensures the project meets international standards in carbon offset crediting and accounting. Certification also provides access to potential buyers of carbon offset credits. Different carbon standards vary in their requirements for certification, including eligibility, certification, monitoring, and verification of carbon credits generated through forestry projects. The Division has previously reviewed and analyzed four of the major voluntary carbon standards in context to the Department's participation in such a program. If the proposed forestry carbon projects chose to certify, they would have to adhere to the third-party carbon standard for monitoring and verifying carbon credits. The Request for Proposal evaluation criteria will favor proposals that include carbon certification of their project.

Project Activities

All activities under the carbon forestry project with an private entity must focus on reforestation activities, palila habitat restoration, and carbon sequestration, which may include, but is not limited to, the following activities:

- **Planting:** site preparation (e.g., soil cultivation, weed removal); storage of seedlings, equipment, and supplies; fertilization; out-planting.
- **Plantation maintenance:** post-planting fertilization, pruning, thinning
- **Monitoring:** establishing and measuring permanent sample plots, tree tagging
- **Volunteering:** volunteers may support the planting activities
- **Guided tours:** the guests on the property may be limited

Competitive Sealed Proposal

Based on the requirements and special conditions of this procurement, DOFAW recommends that a competitive sealed proposal process be used for this solicitation. A competitive sealed proposal process for this solicitation will be the most advantageous procurement process for the solicitation, which is determined by the following:

- 1) The primary consideration for the determination of the awards for this RFP is not revenue.

- 2) The contract(s) will be other than a fixed-type price.
- 3) Oral or written discussion may need to be conducted with the Applicants concerning technical and revenue aspects of their proposals.
- 4) Applicants may need to be afforded the opportunity to revise their proposals, including revenues offered.
- 5) Awards may need to be based upon a comparative evaluation as stated in the request for proposal of differing revenue, quality, services and other contractual factors in order to determine the most advantageous offering to the State.

Pursuant to HAR § 3-122-43, a determination by the Department procurement officer must be made for the use of the competitive sealed proposal process over the competitive sealed bidding process when the competitive sealed bidding process is neither practicable nor advantageous to the State. Additionally, pursuant to HAR § 3-122-45, a determination must be made by the procurement officer that an evaluation committee, selected in writing by the procurement officer, shall evaluate the competitive sealed proposals.

The Division recommends the use of an evaluation committee for the selection of the proposals because an evaluation committee will allow for a subjective choice of the most appropriate proposal for the project. Further the evaluation committee must consist of at least three government employees with sufficient qualifications in the area of the goods or services to be procured. The Division recommends the following individuals to be on the evaluation committee:

David Smith, DOFAW (State, Administrator)

Jay Hatayama, DOFAW (State, Hawai'i Island Forestry Manager)

M. Irene Sprecher, DOFAW (State, Forestry Program Manager)

Chauncey Kalā Asing, Pacific Cooperative Studies Unit (Mauna Kea Forest Restoration Coordinator)

Additionally, should any of the committee members above be unable to participate, the Division requests that the Board authorize the Chairperson to appoint alternates or recommend that the committee be reduced by one member should the need arise. After proposals are received and evaluated by the evaluation committee, the Division will return to the Board for award of the RFP and approval of any land disposition with a qualified entity or entities. A draft RFP is included as Exhibit A.

CHAPTER 343 – ENVIRONMENTAL COMPLIANCE

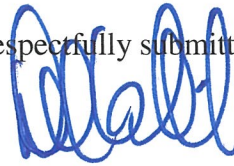
Applicants will be responsible for compliance with Chapter 343, HRS. Depending on the specific activities included in the proposal, the selected applicant the project may be eligible for an exemption from an environmental assessment under the Department's approved exemption list. An exemption or draft environmental assessment, whichever is appropriate for the project, would be determined by the Board when approving the award of the RFP. Under either scenario (i.e.: preparation of an environmental assessment or notice of an exemption), public and agency consultation will be collected prior to the award of the RFP.

RECOMMENDATION:

That the Board, as the Department of Land and Natural Resources, approves:

- 1) The use of a competitive sealed proposal for a solicitation for a carbon forestry project at Pu'u Mali Restoration Area.
- 2) The use of an evaluation committee comprised of the individuals identified above to serve, evaluate and select the competitive sealed proposals.
- 3) The authorization of the Chairperson to appoint evaluation committee alternates or recommend that the committee be reduced by one member should the need arise.

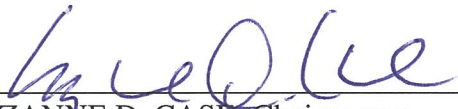
Respectfully submitted,



David G. Smith, Administrator
Division of Forestry and Wildlife

Attachments: Exhibit A

APPROVED FOR SUBMITTAL:



SUZANNE D. CASE, Chairperson
Board of Land and Natural Resources

**Department of Land and Natural Resources
Division of Forestry and Wildlife**

REQUEST FOR PROPOSALS

FOR A CARBON FORESTRY PROJECT IN THE PU‘U MALI RESTORATION AREA

RFP No. CARBON-17

February 15, 2017

INTRODUCTION

The State of Hawaii (State) is pleased to announce a Request for Proposals (RFP) for a carbon reforestation project for approximately 4,700 acres of former pasture lands located in the Pu‘u Mali Restoration Area (PMRA) on the Island of Hawai‘i. The RFP is open to all qualified bidders based on qualification criteria as detailed in the RFP. The Department of Land and Natural Resources, Division of Forestry and Wildlife (DOFAW) will evaluate all submitted proposals and manage any selected project(s).

Proposals will be received up to **4:30 pm (HST) on March 1, 2017** at the
Department of Land and Natural Resources
Division of Forestry and Wildlife
ATTN: RFP NO. CARBON-17
1151 Punchbowl St., Rm. 325
Honolulu, HI 96813

Proposals must be delivered by mail or in person by the above deadline. Timely receipt of offers shall be evidenced by the date and time registered by the Division of Forestry and Wildlife time stamp clock. Please note postal mail delivers to a mailroom, not to the address above, which may result in routing delays.

If you intend to respond to this RFP, please register your company, organization, or entity (provide contact person, organization name, and contact information) with the register contact provided below by email, post, or facsimile (if using facsimile please provide cover letter with RFP proposal title). If you do not register, you may not receive notification of any amendments that may be made to this RFP, thus putting your proposal at risk for rejection. Registration does not signify a commitment to submit a proposal, but rather provides a process in which to notify interested Offerors of any changes to the RFP in a timely manner.

The primary contact for this RFP is:
Philipp LaHaela Walter
State Resource and Survey Forester
1151 Punchbowl Street, Room 325
Honolulu, HI 96813

Phone: (808) 294-9429
Fax: (808) 587-0160
Philipp.LaHaelaWalter@hawaii.gov

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DEFINITION OF TERMS

<u>“Agreement”</u>	Binding legal arrangement between the Selectee and the State defining the rights and duties set forth for both parties regarding the carbon forestry project at PMRA.
<u>“Board”</u>	Board of Land and Natural Resources.
<u>“Carbon Credit”</u>	Tradable certificate or permit representing the right to emit one tonne of carbon dioxide or the mass of another greenhouse gas with a carbon dioxide equivalent (tCO ₂ e) equal to one tonne of carbon dioxide.
<u>“DLNR”</u>	Department of Land and Natural Resources.
<u>“DOFAW”</u>	Division of Forestry & Wildlife.
<u>“EO”</u>	Executive Order
<u>“FR”</u>	Forest Reserve.
<u>“HRS”</u>	Hawai‘i Revised Statutes.
<u>“License” or “Land License”</u>	Timber Land License.
<u>“MKFRP”</u>	Mauna Kea Forest Restoration Project.
<u>“Offeror”</u>	Those interested parties who submit a proposal to the State of Hawai‘i that details their qualifications, economic plan, terms of the offer, and other necessary information as required by the RFP.
<u>“PCH”</u>	Palila Critical Habitat.
<u>“Permittee/Licensee”</u>	The person or company holding the permit or license defining the land disposition for this project.
<u>“PMRA”</u>	Pu‘u Mali Restoration Area.
<u>“Proposal”</u>	The formal document detailing the Offeror’s economic plan, terms of the offer, and other necessary information as required by the RFP.
<u>“RFP”</u>	Request for Proposals.
<u>“ROD”</u>	Rapid Ōhi‘a Death.
<u>“Selectee”</u>	The person or company selected.
<u>“State”</u>	The State of Hawai‘i or its authorized representative.

1 OBJECTIVE

The State's principal purpose of this Request for Proposal (RFP) is to promote the native reforestation of non-forested areas in the Pu'u Mali Restoration Area (PMRA) to restore palila (*Loxioides bailleui*) habitat, and to generate revenues compatible with reforestation through the sale of carbon offset credits.

2 BACKGROUND

At its meeting of April 8, 2016 (Item C-1), the Board of Land and Natural Resources (Board) approved the addition of the PMRA to Mauna Kea Forest Reserve. The area was originally encumbered by leases issued by the Department of Land and Natural Resources (DLNR) to multiple private entities for pasture purposes. As part of the Saddle Road Improvement Project with the State Department of Transportation, this area was set-aside from the pasture leases as mitigation for impact to palila critical habitat from road improvement activities and for the purpose of restoring habitat for the palila. The area was fenced and domestic and feral ungulates were removed. Beginning in 2004 and continuing presently, the DLNR Division of Forestry and Wildlife (DOFAW) in collaboration with the Mauna Kea Forest Restoration Project (MKFRP) has conducted a forest restoration program at PMRA for the purpose of providing long-term habitat for palila.

The Division is exploring options for new revenue streams from the various ecosystem services provided by the lands under its jurisdiction to supplement funding of natural resource management activities. Carbon sequestration (i.e.: the long-term storage of atmospheric carbon dioxide to mitigate for global climate change) is an ecosystem service for which a market, for both compliance and voluntary carbon offsets, already exists. The Division is proposing to partner with a nongovernmental organization (NGO) for a carbon forestry project at the Pu'u Mali Restoration Area (PMRA) within the Mauna Kea Forest Reserve, TMK: (3) 4-3-010:009 portion in the Hamakua District of Hawai'i County. The Pu'u Mali Restoration Area is designated by the State of Hawai'i as Agriculture District and as Agriculture by the County of Hawai'i. The project includes the reforestation of the area with native tree that support development of appropriate habitat for the palila in conjunction with adherence to a greenhouse gas emission reduction standard (i.e.: carbon standard) for the production of carbon offset credits.

There is still considerable reforestation that must take place at PMRA to ensure the palila will be able to utilize this area as habitat. A public-private partnership, as proposed in this RFP, will assist with the reforestation at PMRA as well as explore opportunities in the carbon compliance or voluntary markets. As this type of public-private partnership is relatively new in the state and this is the first attempt by the Department to participate in a carbon forestry project, the Division is recommending a competitive seal proposal process to solicit interest in this type of partnership, allow for competition, and ensure the State's interests are maintained.

2.1 Mauna Kea Forest Restoration Project

The PMRA is part of the Mauna Kea Forest Restoration Project (MKFRP), and was created as a result of the Saddle Road Improvement Project by the State Department of Transportation. The new highway went through palila critical habitat and resulted in a loss of critical habitat. MKFRP was initiated in 2006 with a goal of the project to facilitate management that benefits palila at PMRA and on other lands in palila critical habitat. MKFRP is cooperatively managed by

DOFAW and the Pacific Cooperative Studies Unit.

MKFRP has planted over 480 acres with over [REDACTED] seedlings from 2010 to 2013 at PMRA. Māmane (*Sophora chrysophylla*) is the main species planted, but koa (*Acacia koa*), ‘a‘ali‘i (*Dodonaea viscosa*), ‘iliahi (*Santalum sp.*), ‘akoko (*Chamaesyce celasroides*), ‘āweoweo (*Chenopodium oahuense*), na‘ena‘e (*Dubuatia*), and pilo (*Kadua laxiflora*) have also been planted. The percentage one-year survival rate for māmane seedlings planted at PMRA is 68%. For more information, visit <http://dlnr.hawaii.gov/restoremaunakea/>.

2.2 Facilities and Infrastructure

The area includes two (2) cabins which may be used for management and storage purposes by the permittee/licensee under the conditions mentioned below. The area is fenced by 96,622 feet of linear fence line enclosing the entire PMRA. The area includes 22.4 miles of unpaved roads of varying quality which require regular maintenance.

2.3 Land Disposition

To analyze the possibility and legal implications of carbon forestry projects in Hawai‘i, DOFAW consulted with the Office of the Attorney General to assure that the best interests of the Department, of the public, and of the potential awardee in such a project. The Attorney General's Office is recommending a twenty (20) year non-exclusive land license or term easement as a suitable land disposition for a carbon forestry project at PMRA. However, depending on the needs specified in the submitted proposal and/or the requirements of proposed carbon standard certification, a different form of land disposition may be chosen. Submitted proposals should clearly described their requested land disposition as well as the justification for that proposed land disposition.

3 GOVERNMENT LAND USE PERMITS AND APPROVALS

The following items comprise a list of permits and approvals relevant to planting of trees and other forest products from the PMRA and this RFP process.

3.1 State of Hawaii

Department of Land and Natural Resources – the Board shall have final approval of a Land License or any other form of land disposition to the selectee, including guidelines for field operations and terms for financial compensation. Active reforestation operations must begin within time limits detailed in the agreement. The Board must approve the issuance of any agreement, which shall include a Reforestation Plan and Fire Plan (examples attached as Appendices B and C).

Department of Health - National Pollutant Discharge Elimination System (NPDES) - The selectee will be responsible to contact the Hawaii Department of Health to determine whether or not a permit is required for storm water flows associated with activities including clearing, grading and excavation.

3.2 County of Hawaii

Department of Planning - The selectee will be responsible to contact the Hawaii County Department of Planning to determine whether or not a grading permit will be required. A grading permit may be required for excavation or fill exceeding one hundred cubic yards of material or

five feet in height or depth. Grubbing which does not alter the general and localized drainage pattern with respect to abutting properties and does not exceed a total area of one acre is exempted from permit requirement.

Other Permits - The selectee is responsible for acquiring any other permits and approvals as required, including but not limited to any permits necessary to engage in commercial activities.

4 PROPOSAL CONDITIONS AND CONSIDERATIONS

This section outlines conditions and considerations that should be incorporated into proposals made in response to the RFP. Proposals that do not comply with all stated minimum acceptable conditions may be eliminated from further consideration.

4.1 Guiding Principals

The project disposition and project operation shall follow the guiding principles in the development of the carbon forestry project:

1. **Habitat Restoration:** If conflicting with other project objectives, habitat restoration for the endangered Palila (*Loxioides bailleui*) will be the first priority for this project. This includes but is not limited to planting a sufficient portion of key species such as mamane (*Sophora chrysophylla*).
2. **Soil and Water Protection:** Effective soil erosion control practices, safe use of herbicides, adherence to the [Best Management Practices for Maintaining Water Quality in Hawai'i](#).
3. **Native Ecosystem:** Only native plant species will be planted.
4. **Involvement of the Public:** Community support and involvement will be a central component of this project. Applicants developing the project will have a collaborative relationship with the local community and the public. This includes public involvement in project planning and development through public commenting opportunities.
5. **Research and Education:** The PMRA will be available for research and education activities to contribute to public environmental knowledge and awareness.
6. **Public Access:** PMRA will remain open to the public for hunting, recreational and gathering activities including game bird hunting during the regular game bird season.
7. **Ecosystem Conservation:** Tree removal will be limited to forest health management (e.g., wildfire prevention and pest management) and road maintenance activities. Special harvesting permits for the cultural gathering of native species may be granted

4.2 Regulations and General Conditions

The selectee will be responsible for adhering to all County, State, and Federal laws, rules and regulations, including but not limited to, the State's [Best Management Practices for Maintaining Water Quality in Hawai'i](#).

As the PMRA is part of the Mauna Kea Forest Reserve, the activities in the area will be subject to the Hawai'i Administrative Rules (HAR), particularly [Chapter 104 – Rules Regulating Activities Within Forest Reserves](#). The [General Conditions](#) will apply to the agreement between the State and the project operator (see Appendix E).

4.3 Restrictions

All activities under the carbon forestry project must focus on reforestation activities, palila habitat restoration, and carbon sequestration, which may include, but is not limited to, the following

activities:

- **Planting:** site preparation (e.g., soil cultivation, weed removal); storage of seedlings, equipment, and supplies; fertilization; out-planting.
- **Plantation maintenance:** post-planting fertilization, pruning, thinning
- **Monitoring:** establishing and measuring permanent sample plots, tree tagging
- **Volunteering:** volunteers may support the planting activities
- **Guided tours:** the guests on the property may be limited

4.4 Access

Permittees/licensees are responsible for road and access route maintenance only for areas included in awarded easement, permits or licenses, and only during active reforestation operations. These include current roads or overgrown former road grades required for active reforestation operations in the permit or license area. Upon completion of field operations within a given area, the permittee or licensee must leave all access roads used during active operations in a condition that is equal to or improved in relation to road conditions prior to active field operations.

The location and design of new access roads must be approved by the Department prior to operations, with any applicable permits obtained by the permittee/licensee. Appropriate safeguards, including appropriate signage and notices, liability and other agreements, will be established in cooperation with the selectee.

4.5 Facilities and Infrastructure

Any maintenance and improvements of facilities and infrastructure mentioned in section 2.2 and used by the permittee/licensee will be the responsibility of the permittee/licensee. MKFRP and DOFAW will continue activities such as wildlife restoration in the PMRA during the carbon forestry project which might include temporary use of the facilities and infrastructure of the area. Any use of above facilities by the permittee/licensee will be coordinated through MKFRP.

4.6 Forest Protection

Once prior to entering and once prior to leaving the PMRA, all heavy equipment operating within the PMRA (excluding pre-existing road grades) shall be power washed with water to prevent the spread of exotic seeds and plants.

Knowledge about the spread and prevention of Rapid Ōhi‘a Death (ROD) (*Ceratosystis*) is still limited at this time. Offerors should be prepared to adjust plans and operations in response to new information and procedures necessary to slow or prevent the spread of ROD as well as other new disease or insect infestations. Please visit the web site rapidohiadeath.org or call the DOFAW Hilo office at (808) 974-4221 for most recent information about ROD and its management implications.

4.7 Sale of Land

The State will not consider proposals to purchase the land base or subordinate its fee interest.

4.8 Costs

The selectee will be responsible for payment of all costs and expenses in connection with the project, including, but not limited to, costs associated with securing necessary entitlement and environmental documentation; site preparation; maintenance, utilities, insurance, and taxes; and

all permits, fees and other levies associated with the proposed project and carbon certification.

4.9 Performance Bond or Letter of Credit

Selectees may be required, at their own cost and expense, and within thirty (30) calendar days after the License Effective Date, to procure and deposit with the State and thereafter keep in full force and effect during the term either a surety bond or letter of credit in an amount to be negotiated with the selectee depending on the scale and nature of the proposed operations.

The surety bond or letter of credit, shall provide:

1. That in case of a breach or default by the selectee of any of the Agreement terms, covenants, and conditions, the full amount thereof shall be paid to the State as liquidated and ascertained damages and not as a penalty.
2. That such instruments shall be canceled, released and returned to the selectee upon the expiration of the term or sooner termination of the Agreement without any default then being in existence.
3. That the selectee shall otherwise comply with the terms and conditions contained in this section.

DOFAW will conduct a final site inspection within one week of the date that the permittee/licensee provides written notice to DOFAW that the project is completed. If DOFAW finds that the terms of the permit have been satisfactorily met, the permittee/licensee shall be refunded the balance of their deposit less any payments due to the Department. If DOFAW determines that final site conditions are not satisfactory, the permittee/licensee will be notified in writing within one week of the site inspection, and asked to mitigate the stated concerns. Should the permittee/licensee decline to conduct the requested mitigation work, DOFAW will use whatever portion of the deposit needed to contract out the mitigation work, after which any remaining portion of the deposit shall be returned to the permittee/licensee.

4.10 Liability

The permittee/licensee shall be liable for any damage to existing roads, pipelines, power lines, telephone lines, and other items of value to private landowners, utility companies, and government agencies. Permittee/licensee shall coordinate with appropriate parties to mitigate particular concerns regarding proposed operations.

5 PROPOSAL FORMAT

5.1 Length of Permit or License and Condition at End of Permit or License Period

Proposals shall suggest the length, extension options, and performance benchmarks for the license easement, contract, and/or permit for the activities and operations proposed. Further, proposals shall detail the condition of the project area upon completion of the license or permit, including species, area, tree densities, estimated carbon sequestered, road maintenance, and other considerations.

5.2 Infrastructure Development, Site Preparation and Species Composition

Proposals shall identify sections or strata of the project area differing in site condition and detail methods of site preparation including road construction and/or maintenance, treatment of stumps, debris and slash management, weed control and fertilization; species composition; and spacing per section or stratum. There is a range of site conditions throughout the project area and the RFP

selection criteria will favor proposals that address innovative ways to monitor site conditions, survival rate, and genetic suitability of seedling proveniences; and that enhance future reforestation efforts.

5.3 Project Progress

A clearly defined project progress schedule will be included in the proposal. The proposal shall include the following dates and performance targets:

- Start of project
- Start of site preparation
- Start of planting
- Amount of plants and acres planted per year
- Start of the certification process with the carbon forestry standard (if any)
- First issuance of carbon credits
- Minimum price per carbon credit

5.4 Compensation to State

Proposals shall detail terms for compensation to the Department for the sale of carbon credits and other revenues such as amount, percentage of revenue shared, payment schedule, and fees. Either the State or a mutually acceptable third party will be responsible for measuring and monitoring extracted resources.

5.5 Wood Utilization requirement

Proposals should detail utilization of deadwood and extracted wood, if any (e.g., through thinning) in a way that prioritizes local wood markets.

5.6 Fire Protection

PMRA is a high fire threat area and must be protected. The proposal shall include a fire response plan addressing water availability, first responders, and contact information for those involved in fire suppression (example attached as Appendix C).

5.7 Soil Protection

Proposals shall detail what erosion control and compaction mitigation practices will be used to avoid or minimize adverse impacts of vehicular and heavy equipment use in the project area. Please include your understanding of requirements based on the Management Plan and EA, and by reference State of Hawai'i Best Management Practices.

5.8 Public Access

The PMRA is a popular hunting area and frequently opened for game bird hunting, etc. The proposal shall define how public access for recreational purposes would be ensured during the project term. For more information on hunting announcements and public access regarding PMRA, visit <http://dlnr.hawaii.gov/dofaw/announcements/nr15-160f/> and https://dlnr.hawaii.gov/recreation/files/2016/07/UnitA1_PuuMaliMitigation.pdf.

5.9 Point of Contact

Proposals shall designate a point of contact for DOFAW and provide the corresponding name, address and phone numbers.

5.10 Forest Health & Safety

A high priority for management activities on the Island of Hawai'i is to prevent the spread of invasive species, pests, and pathogens such as Rapid Ōhi'a Death (*Ceratosystis fimbriata*), *Clidemia hirta*, and little fire ants (*Wasmannia auropunctata*). Please describe policies and actions that will be taken to reduce the risk of spreading forest diseases and pests and what sanitation protocols will be used. Also describe prevention practices for fire and response to hazardous material spills. Please make key assumptions clear.

6 SUBMISSION REQUIREMENTS

An electronic and a hard copy of the proposal shall be submitted to DOFAW by March 31, 2017 at 4:30pm (HST) as evidenced by a DOFAW time stamp clock, and shall include a transmittal cover letter signed in ink by the officer of the Offeror who has the authority to officially submit the proposal. The cover letter should specify a point of contact, title of the proposal, project period, and company/entity.

6.1 Proposal Qualification and Application Form

The attached Application and Qualification Questionnaire (Appendix D) should be completed and submitted with the proposal to provide a minimum level of information for use by the Evaluation Committee (Section 8).

Note: Financial information submitted to the State shall be kept confidential and will be treated consistently with HRS Chapter 92. Consistent with HRS Chapter 92, financial information shall not be released without the expressed written consent of the Offeror.

6.2 Economic Development Plan

All proposals shall include an Economic Development Plan that must contain the following elements:

1. **Corporate Structure and Finances.** Describe the offeror's corporate structure, affiliated companies, key roles, persons expected to fill key roles, and background and experience of the company relevant to the proposed activities and location. Describe the approximate amount of money which will have to be raised to fully implement the proposed activities and if financing sources have been identified. Please note that the RFP will require additional details about financing, sources and letters of confirmation from those sources. DOFAW recognizes that certain financing will not occur until permits or licenses are obtained. Please suggest the type(s) of insurance(s) and/or performance/liability bonds your company is able to provide for this license or permit.
2. **Carbon credit sales and other revenues.** Provide the price(s) or share to be paid to the State for each carbon credit sold or unit of other product. DOFAW may subsequently enter into further negotiations to refine potential pricing structures with prospective selectees. Final prices will be specified in the final agreement.
3. **Processing requirements.** Provide narrative descriptions of the marketing strategies and sequestered carbon volumes, by species and diameter class, required to support targeted marketing projections.
4. **Employment generation.** Describe the type and quantity of the potential jobs generated from the proposed project and anticipated timing for the availability of these jobs.
5. **Project costs and financing.** A description of the proposed financing plan for the entire

project, including, to the extent possible, the Offeror's equity requirements, and means of financing should also be included.

6. **Development schedule for the project.** The proposed development schedule and project phasing should highlight any events that are critical to the success of the project, and identify the desired term of the permit or contract.
7. **Infrastructure.** Transportation infrastructure demands for accessing and transporting reforestation materials as well as waste disposal, and others.

6.3 Reforestation Plan

Proposals shall include a brief reforestation plan that addresses activities such as:

1. Site preparation and reforestation schedule for section or stratum.
2. Anticipated staffing plans and equipment for field operations.
3. Road and access route use, including details on road clearing, improvement, and drainage techniques.
4. Preventing the spread of, or controlling insects, diseases, wildfire and invasive species.

6.4 General Procedures and Submission Deadline

Proposals shall be submitted in a sealed package stating somewhere on the outside the following: "**RFP No. CARBON 17, Proposal Enclosed.**" All correspondence and submittals relating to this RFP shall be made to the address provided below. Please be aware that proposals and correspondence sent by the U.S. Postal Service are not delivered directly to Room 325. This may cause a short delay in receipt by DOFAW with the proposal or correspondence reaching the office after the deadline, causing automatic late rejection. Only written responses to requests regarding this RFP shall be considered official. It is the responsibility of the Offeror to ensure that all required submittals are received on time.

Submittal postal address: Division of Forestry and Wildlife
ATTN: RFP NO. CARBON-17
1151 Punchbowl Street, Room 325
Honolulu, Hawaii 96813

Submittal email address: Philipp.LaHaelaWalter@hawaii.gov

6.5 Questions Regarding the RFP

Offerors may request clarification or interpretation of any aspect of the RFP in writing up to twenty (20) calendar days prior to the proposal due date. Such written request shall be made to the State at the address designated in Section 6.4. The Offeror making the request shall be responsible for its proper delivery to the State.

6.6 Pre-proposal Field Trip

A field trip to the PMRA will be held on February 28, 2017, or as amended, for prospective Offerors. For details on the pre-proposal field trip visit <http://dlnr.hawaii.gov/ecosystems/services/carbon/pmra>

6.7 Modification or Withdrawal of Proposals

A modification of a proposal already received will be accepted by the State only if the modification

is received prior to the proposal due date, or is made via addendum issued by the State. All modifications shall be made in writing and submitted in the same form and manner as the original proposal. An Offeror may withdraw a proposal already received prior to the proposal due date by submitting to the State a written request for withdrawal executed by the Offeror's authorized representative. This provision for modifications and withdrawals of proposals may not be utilized by an Offeror as a means to submit a late proposal and, as such, will not alter the State's right to reject a proposal.

6.8 Chapter 343 – Environmental Compliance

Offerors will be responsible for compliance with Chapter 343, HRS. Depending on the specific activities included in the proposal, the selected applicant the project may be eligible for an exemption from an environmental assessment under the Department's approved exemption list. An exemption or draft environmental assessment, whichever is appropriate for the project, would be determined by the Board when approving the award of the RFP. Under either scenario (i.e.: preparation of an environmental assessment or notice of an exemption), public and agency consultation must be included prior to the award of the RFP.

7 SELECTION PROCESS AND CRITERIA

This section describes the selection process and outlines the criteria to be used in the selection process.

7.1 Evaluation Committee

A DOFAW Evaluation Committee will make all decisions regarding the evaluation, the acceptability of proposals for other comparative evaluation, and the selection of a proposal(s), if any. The Evaluation Committee may be assisted by other staff that could include officers, employees, and agents of the State.

7.2 Opening of Proposals and Confidentiality of the Evaluation Process

Proposals will not be publicly opened. Only the members of the Evaluation Committee or State Personnel having legitimate interest in the RFP will be provided access to the proposals and evaluation results during the evaluation period. All proposals, evaluation worksheet and subsequent Best and Final Offer, if any, and including documentation, correspondence and meetings, will be kept confidential until after the contract is awarded. All proposals will be made public only after the review and selection process is completed.

7.3 Compliance with Minimum Criteria

Proposals will be reviewed for conformance with the instructions and requirements of the RFP. The proposals shall be classified initially as acceptable, potentially acceptable, or unacceptable. All responsible Offerors who submit acceptable or potentially acceptable proposals are eligible for a priority list. Discussions will be limited to only "priority-listed" offerors. The objective of these discussions is to clarify issues regarding the Offeror's proposal. Following the final determination of the acceptability of the proposals in relation to the minimum criteria, all priority list Offerors shall be notified in writing as to the Evaluation Committee's determination on whether their proposal has been accepted for evaluation.

7.4 Acceptance/Rejection of Proposals

The State reserves the right to reject any or all proposals, to undertake discussions with one or more Offerors, and to accept that proposal or a modified proposal which, in its judgment, will be most advantageous to the State and the selection criteria considered. The State also reserves the right to waive any defects in any proposal.

7.5 Method of Award

The Evaluation Committee will review all of the proposals that meet the minimum criteria listed in Section 7, Submission Requirements (see 7.1, 7.2, 7.3, 7.4) and rank them according to the comparative criteria evaluation listed in Section 9, Comparative Criteria Evaluation (See 9.1, 9.2, 9.3). The Evaluation Committee will then enter into discussions with the individual, organization or entity that submitted the highest ranked proposal(s) to verify and clarify said proposal(s) and to discuss the final terms and conditions of the permit or Land License to be presented to the Board for approval. The Evaluation Committee reserves the right to meet with the Offeror(s) to discuss the terms and conditions of their proposals during this evaluation period. The Evaluation Committee will award, if any, one or more proposals at the end of the evaluation period.

7.6 Notification

All Offerors will be notified of award determinations via U.S. Postal Service. A Notice of Award will also be posted on the bulletin board in Room 325 of the DOFAW office, (1151 Punchbowl Street, Honolulu, Hawaii 96813) as well as on the State Procurement Office website (<http://www.spo.hawaii.gov>). If receiving an award letter, please note that this letter does NOT constitute a Notice to Proceed. If proprietary data or information is included in the proposals, please identify appropriate sections with a label stating "Proprietary Information." Unless otherwise identified as "Proprietary Information," please note that your proposal and contract become public documents and are available for public inspection once awards are posted. Additionally, all photos developed/used/submitted for the RFP become property of DOFAW. Once a contract/licensee is executed, DOFAW will issue a Notice to Proceed.

7.7 Debriefing

For those non-selected proposals, a debriefing to inform Offerors of the basis for the Offeror's score and non-selection can be provided upon request. A written request for a debriefing to primary contact must be made within three (3) working days after the posting of the Notice of Award.

7.8 Protest

A protest shall be submitted in writing within five (5) working days after the aggrieved person knows or should have known of the facts giving rise thereto. Further provided that a protest of award or proposed award shall be submitted within five (5) working days after a debriefing has taken place. Any protests shall be submitted in writing to the Chairperson of the Department of Land and Natural Resources, 1151 Punchbowl Street, Honolulu, Hawaii 96813.

8 COMPARATIVE CRITERIA EVALUATION

This section presents the criteria to be used in the comparative proposal evaluation process as outlined in Section 8.5 and the relative weight/significance assigned to each criteria. Each proposal will be evaluated in relation to its conformance with the weighted criteria (totaling 100%). The goal of the comparative proposal evaluation process is to select the "best" proposal(s) based

on a set of defined criteria. The criteria to be used in the comparative proposal evaluation process are divided into three groups:

- 8.1 Reforestation and Management Experience / Qualifications (25%)
 - 8.1.1 Qualifications, experience, and capability to achieve stated reforestation and management objectives in the proposal (weight: 5%).
 - 8.1.2 Experience and involvement in projects of similar scope, size and complexity; technical quality of the reforestation plan (weight: 10%).
 - 8.1.3 Ability to secure a commitment letter or other evidence to insure financing and bonding (weight: 10%).
- 8.2 Carbon Forestry Standard and Accounting Experience / Qualifications (25%)
 - 8.2.1 Qualifications, experience, and capability to achieve stated carbon credit accounting, marketing, and sales objectives in the proposal (weight: 5%).
 - 8.2.2 Experience and involvement in carbon forestry projects of similar scope, size and complexity; technical quality of the carbon component of the proposal (weight: 10%).
 - 8.2.3 Selection and utilization of a local, national, or international carbon standard (weight: 10%).
- 8.3 Palila Habitat Restoration (25%)
 - 8.3.1 Extent to which the proposed reforestation plan contributes to the restoration of palila habitat (weight: 20%).
 - 8.3.2 Extent to which proposal supports the goals set forth in the Hawaii State Forest Action Plan, State Wildlife Action Plan, and the Best Management Practices for the Conservation of Water Resources (weight: 5%).
- 8.4 Economic Benefits to the State of Hawaii with all costs and assumptions based on present-day dollars (25%)
 - 8.4.1 Net present value of predicted carbon credit sales and other revenues with a discount rate of 12.0%. Value determinations shall exclude any credits due to an Offeror for services provided (e.g. reforestation) to the State (weight: 10%).
 - 8.4.2 The number and types of jobs (planting, nursery, marketing, value adding, etc.) created by the project (weight: 10%).
 - 8.4.3 Benefits of the project for the local forest industry (weight: 5%).

9 DISPOSITION GUIDELINES

Upon final selection of the proposal(s) by the Evaluation Committee, the terms and conditions of an agreement will be submitted to the Board for approval. Upon approval of a given agreement, the awarded Offeror(s) will have no more than four (4) months to:

1. Secure necessary entitlement and approvals including environmental documentation; and
2. Initiate full-scale reforestation preparations. The Department, at its sole and unlimited discretion, may grant time extensions for initiating reforestation operations if the awarded Offeror is acting in good faith and performing in a diligent manner.

Upon execution of the agreement, a schedule will be established for each major phase of the project by the awarded Offeror(s) and the State. Payments to DOFAW will be submitted by the selectee(s) per the schedule established in the agreement.

10 RIGHTS OF THE STATE

The State, in addition to being the owner of the site, is a governmental entity exercising police power, taxation power and other government powers and duties. This solicitation will not in any way affect the exercise of those powers and duties. The State does not discriminate on the basis of race, creed, color, national origin, sex, or physical handicap.

10.1 Representation or Warranty

All facts and opinions stated in the RFP and in other studies and materials referenced by the RFP, including but not limited to surveys, technical reports, statistical and economic data, and projections, are based on available information, and no representation or warranty is made with respect thereto.

10.2 Vested Rights

The award to an Offeror made pursuant to the RFP source selection method, does not confer any vested rights on that Offeror. These rights will be delineated in the agreement, which the State and the successful Offeror will determine after the proposal has been awarded.

10.3 Awarded Offeror's Indemnity of Lessor

The awarded Offeror shall indemnify, defend, and hold harmless the State from and against any claim or demand for loss, liability, or damage, including claims for bodily injury, wrongful death, or property damage, arising out of or resulting from:

1. Any act or omission on the part of the Offeror relating to the Offeror's use, occupancy, maintenance, or enjoyment of the PMRA,
2. Any failure on the part of the Offeror to maintain the PMRA, facilities, roadways, trails, and parking areas adjacent thereto in the Offeror's control, including any accident, fire or nuisance, growing out of or caused by such failure,
3. All actions, suits, damages, and claims by whomsoever brought or made by reason of the awarded Offeror's non-observance or non-performance of any of the terms, covenants, and conditions of the agreement or the rules, regulations, ordinances, and laws of the federal, state, municipal or county governments applicable to the awarded Offeror's use of the PMRA; provided, however, that the foregoing obligations of the awarded Offeror shall not apply to any claim or demand for loss, liability, or damage where such loss, liability or damage is caused by the negligence or intentional acts of the State or the State's agents or employees.

10.4 Campaign Contribution by State and County Contractors

Offeror, if awarded a contract in response to this solicitation, agrees to comply with Section 11-205.5, HRS, which states that campaign contributions are prohibited from a State and county Government contractor during the term of the contract if the contractor is paid with funds appropriated by a legislative body.

11 RESPONSIBILITY OF RESPONSIBLE OFFEROR

Reference §103D-310(c), HRS. All compliance documents must be submitted to the Department of Land and Natural Resources, Division of Forestry and Wildlife with proposals.

11.1 Hawaii Compliance Express

Offers must use the Hawaii Compliance Express (HCE), which allows businesses to register online through a simple wizard interface at <http://vendor.ehawaii.gov> to acquire a “Certificate of Vendor Compliance.” The HCE provides current compliance status as of the issuance date. The “Certificate of Vendor Compliance” indicating that vendor’s status is compliant with the requirements of §103D-310(c), HRS, shall be acceptable for both contracting purposes and final payment. Vendors that elect to use the new HCE services will be required to pay an annual fee to the Hawaii Information Consortium, LLC (HIC). Vendors choosing not to participate in the HCE program will be required to provide the paper certificates as instructed in the sections previous to this one.

11.2 Insurance

The selectee shall be required to provide, upon award, Commercial General Liability (\$_ million per occurrence), Commercial Auto Liability (\$_ million per occurrence), and an umbrella or excess liability for the Commercial General Liability and Commercial Auto Liability (\$_ million per occurrence). The total limits should be \$_ million for each the Commercial General Liability and the Commercial Auto Liability.

12 SCHEDULE

This schedule may be adjusted or amended due to unforeseen circumstances.

<u>Date</u>	<u>Milestone</u>
February 15, 2017	Begin mailing out RFP
March 15, 2017	Pre-Proposal Field Trip
April 1, 2017	Last day for RFP clarifications
April 15, 2017	Deadline for Receipt of Proposals
After proposal opening	Complete Evaluation of Proposals
After Award Notice	Negotiate Terms and Conditions of Agreement
After Negotiation	Consultation with Attorney General’s Office
After Agreement is drafted	Seek Board Approval of Agreement

13 CONFIDENTIALITY STATEMENTS

Pursuant to Chapter 3-122 Hawai‘i Administrative Rules, if respondents so choose, they may submit two versions of responses to this RFP, one that can be made available to the public, if requested, and one with any proprietary or confidential information. The former copy will be clearly marked “For Public Inspection”. The latter shall incorporate information that could not be included in the potential public copy because of clear confidentiality, proprietary or trade secret concerns.