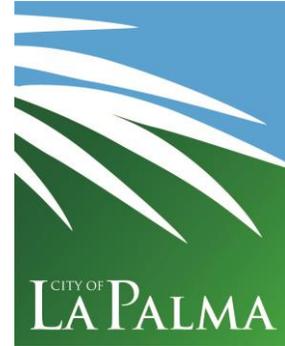


# City of La Palma

## Agenda Item No. 5



MEETING DATE: October 6, 2020

TO: CITY COUNCIL

FROM: CITY MANAGER

SUBMITTED BY: Mike Belknap, Community Services Director

AGENDA TITLE: Award of Contract to Air-Ex Air Conditioning, Incorporated for the City Hall HVAC Project, City Project No. 20-BLDG-03

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### **RECOMMENDED ACTION:**

It is recommended that the City Council take the following actions:

- a) Approve Award of Contract in the amount of \$588,628.00 to, the low bidder, Air-Ex Air Conditioning, Incorporated, for the City Hall HVAC Project, City Project No. 20-BLDG-03.
- b) Approve project funding in the amount of \$618,060.

### **BACKGROUND:**

At their meeting on November 21, 2017, the City Council approved an Agreement with IDS Group for design engineering services of the City Hall Heating, Ventilation, and Air Conditioning (HVAC) Replacement Project. The original design intent was to install new HVAC equipment on new, roof mounted raised platforms within the screened mechanical equipment area to the west of the City Council Chambers raised roof. It was determined that the existing mechanical area could not accommodate new packaged gas-electric rooftop HVAC units as the space is too small for Building Code compliance.

Given the current size of the area, only two (2) conventional HVAC units could have been placed in the existing screened mechanical equipment area. The remaining five (5) units would have needed to be placed outside of the existing equipment area on raised platforms and screened from public view. The addition of new raised mechanical equipment platforms outside of the existing area, required significant structural evaluation along with structural improvements including new posts and beams to support the equipment roof loads. This additional scope was estimated to increase construction costs by up to \$150,000 to the project.

In order to mitigate impacts to the project scope, staff meet with the design team to discuss alternatives. The design team presented another alternative utilizing a VRF (Variable Refrigerant Flow) HVAC system. This system is a split system, using room ceiling mounted fan coil units. The

ceiling mounted fan coil units are more efficient than typical rooftop ducted systems. This system is more efficient as it eliminates a significant amount of duct losses since the main supply and return ducts are not routed to and from the roof, thus reducing fan energy use. This system also allows for integral heat recovery via the refrigerant circuits. Multiple fan coil units are serviced by central heat pump units allowing for system diversity and heat recovery. The room ceiling mounted fan coil units allow room level heat/cool settings. This design makes it possible to provide individualized comfort control with simultaneous heating and cooling in different rooms. This system provides the optimum operations for City Hall, as the north and south wall are windows walls with the southerly side being hotter than the colder northern side of City Hall. The specified variable refrigerant flow (VRF) equipment reduces the number of units in the roof mechanical area from seven (7) units to two (2) units. Both condensers/compressors can be mounted in the existing screened mechanical area in compliance with the City's Building Code. Although more expensive than the original project scope, by approximately \$85,000, the VRF system better fit the City's needs without the larger expense of structural improvements.

Moving from a traditional HVAC system design to the VRF system required additional design services to complete the construction drawings. On November 19, 2019, the City Council approved an amendment to the Professional Services Agreement with IDS Group to complete this additional work.

### **SUMMARY:**

The VRF construction documents were completed early this spring, as the Covid-19 pandemic was strengthening. This project was included in the Capital Improvement Budget, but was removed in the FY 2020/21 budget. This allowed staff to and the IDS the opportunity to review the system to ensure the proper filtration was included in relation to Covid-19. Given the business shutdowns, staff was unsure this project could be completed in the new fiscal year. However federal stimulus funds were granted to the City, which could be used for this project. Staff then accelerated the project to fully utilize the stimulus funds due to timing requirements. A condition of the Covid-19 funding is that it be spent by December 30, 2020. As part of the bid process, Staff received confirmation that the specified VRF equipment can be obtained and delivered by December 18, 2020 allowing the Covid-19 funding to be utilized.

After the proper filtration was verified and the VRF construction documents reviewed, staff prepared project plans and specifications to begin the bidding process. The work includes the removal of:

- Existing "T" ceiling panels and interfering "T" bar grids
- Old insulation and debris in the air space
- Existing duct work
- Existing HVAC and exhaust fans from the roof mechanical enclosure

And the installation and construction of:

- New fresh air handler and duct work
- VRF roof units and associated hot/cold lines to office condenser/compressor units in "T" bar grid
- Ceiling mounted fan coil units and duct work and all associated structural roof mounted equipment platforms

- All associated electrical, plumbing and mechanical equipment to complete the HVAC system
- Hot Mop-three layer roof in the roof mechanical equipment enclosure
- R-30 spray foam insulation on the underside to the existing roof structure

All work will be per the contract plans and specifications. The RFP required all Contractors to be certified to install the VRF Type system and the bidders shall submit certifications for the firm and employees as part of the bid submittal.

On August 25, 2020, the City advertised and solicited bids for the City Hall HVAC Project, City Project No. 20-BLDG-03. Staff directly emailed to the Notice Inviting Bids to the sixteen (16) HVAC contractors along with posting the project on the City’s website, posting on e-bid boards, and the Dodge Greensheet. On September 1, 2020, a mandatory pre-bid meeting was scheduled and only two (2) contractors attended. It was determined that the City’s electronic postings were not uploaded due to a City computer server issue. Therefore an addendum was issued which re-scheduled a new mandatory pre-bid meeting for September 8, 2020 and a bid opening date of September 22, 2020. The City conducted a mandatory pre-bid meeting to review the project conditions, project schedule and required project requirements and document submittals. A total of four (4) contractors attended the pre-bid meeting. At the pre-bid meeting, the attending contractors stated they were certified to install City specified HVAC equipment.

On September 22, 2020, the City received three (3) bids and opened, as follows:

<b>BIDDING CONTRACTOR</b>	<b>BID</b>
1. Air-Ex Air Conditioning – Pomona	\$588,588.00
2. Aire-Masters Air Conditioning – Santa Fe Springs	\$916,600.00
3. Control Air – Anaheim	Non-Responsive

Staff reviewed the bid documents to see if all required bid documents were submitted. The apparent low bidder, Air-Ex Air Conditioning submitted the required documents with their bid. Upon review of the Control Air bid package, the following documents were NOT submitted with the bid package: Complete Bid Schedule, Signed Addendum No. 2, Bid Bond, List of Sub-contractors, DIR Number and list of sub-contractors.

Staff completed a bid document and bid schedule analysis. The bid schedule review found small mathematical errors in both accepted bids, with the findings below. The mathematical errors do not materially change nor change the low bidder determination.

<b>BIDDING CONTRACTOR</b>	<b>BID</b>	<b>Revised Bid</b>
1. Air-Ex Air Conditioning	\$588,588.00	\$588,628.00
2. Aire Masters Air Conditioning	\$913,600.00	\$919,300.00

Bid Protest

On September 25, 2020, the City received a bid protest letter, via email, from Aire Masters Air Conditioning (Attachment 3), protesting the following:

1. Air-Ex Air Conditioning did not list any subcontractors to install the R-30 spray form insulation; and
2. Per the California Contract Code, all subcontractors are to be listed for work over 0.5 percent of the bid.

In order to determine the validity of the claim/protest items, the City Engineer and staff reviewed Air-Ex's bid and contacted them on September 28, 2020. Later that day staff received their response letter (Attachment 4). Based on their letter and review of their bid, staff determined the following:

1. Air-Ex Air Conditioning indicates that subcontractor Karcher Insulation scope of work is to install mechanical insulation of the piping.
2. Air-Ex Air Conditioning indicates that insulation per the project specifications will be completed by subcontractor Best Contracting (roofing) and through self-performance by Air Ex Air Conditioning.

Project Costs & Schedule

The table below presents the total project cost with the bid alternate, including a five percent contingency.

<b>DESCRIPTION</b>	<b>AMOUNT</b>
Construction Cost	\$588,628.00
Contingency 5%	\$ 29,432.00
<b>Total Estimated Project Construction Cost</b>	<b>\$618,060.00</b>

Approval of the agenda item also authorizes the expenditure of all available contingencies in the project. The contingencies will be available for any necessary change orders associated with unforeseen circumstances. Examples include additional removals for unforeseen conditions, replacement quantities not identified in the scope of work for the project, or any other miscellaneous repairs necessary to complete the project. Said circumstances are typical for this type of project. The contingency amount is proposed at five percent (5%) of the construction cost. The contract may be increased to a maximum of twenty-five percent (25%) per the Standard Specifications for Public Works Construction, otherwise known as the "Greenbook."

Air-Ex Air Conditioning, Inc performed HVAC improvement projects for various Southern California agencies, and their work product was satisfactory. They also have performed work for the Irvine Unified School District and, Norwalk/La Mirada Unified School District. References from these Districts also indicate that their work product was excellent.

**TENTATIVE SCHEDULE:**

Award contract	October 6, 2020
Execute agreement	October 7, 2020
Equipment Procurement Phase	October 7 to December 18, 2020
Construction Phase - Begins	February 1, 2021
Construction Completion	April 30, 2021
Project closeout	June 1, 2021

**FISCAL IMPACT:**

Funding for the project will utilize Capital Outlay Reserves (COR) as previously anticipated in FY 2019/20 and Federal Covid-19 Funds as identified below. There is sufficient funding to COR to fund this project and it will be included in the mid-year budget resolution.

1. COR Funds (035-900-8131-00000)	\$518,060
2. Covid-19 Funds (035-900-8131-99003)	\$100,000 (approximate)
Total Budget	\$618,060

**APPROVED:**

  
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Department Director

  
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Financial Consultant

  
\_\_\_\_\_  
City Manager

- Attachments:
1. Agreement with Air-Ex Air Conditioning, Incorporated
  2. IDS Group Agreement and Amendment
  3. Aire Masters Air Conditioning Bid Protest Letter
  4. Air-Ex Air Conditioning Bid Protest Response Letter