



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: DECEMBER 6, 2022

FROM: GENERAL SERVICES DEPARTMENT WARD: 1

SUBJECT: MEASURE Z – AUTHORIZE A 42.6% CHANGE ORDER AUTHORITY TO PURCHASE ORDER NO. 214603 WITH NSWC MECHANICAL SERVICE, LLC OF ANAHEIM, CALIFORNIA, IN THE AMOUNT OF \$73,988.10 FOR THE PURCHASE OF ONE DAIKIN WATER COOLED CHILLER FOR CITY HALL FOR A REVISED COMPENSATION OF \$247,833

ISSUE:

Authorize a 42.6% change order authority to Purchase Order No. 214603 with NSWC Mechanical Service, LLC of Anaheim, California, in the amount of \$73,988.10 for the purchase of one Daikin Water Cooled Chiller for City Hall for a revised compensation of \$247,833.

RECOMMENDATIONS:

That the City Council:

1. Authorize a 42.6% change order authority to Purchase Order No. 214603 with NSWC Mechanical Service, LLC of Anaheim, California in the amount of \$73,988.10 for the purchase of one Daikin Water Cooled Chiller for a revised compensation of \$247,833; and
2. Authorize the City Manager, or designee, to execute all necessary documents to Purchase Order No. 214603 including making minor and non-substantive changes.

BACKGROUND:

Chillers operate as part of a complex heating, ventilation and air conditioning (HVAC) system. Water cooled chillers produce more constant performance for commercial and industrial air conditioning because of the relative independence to fluctuations of the ambient temperature. One aging water chilled cooler at City Hall has been in service since 2005 and has reached the end of its 15-year service life. The chiller has developed multiple leaks, resulting in downtime and costly repairs, and is unable to run at full load capacity.

On April 20, 2021, the City Council approved the purchase of one Daikin water chilled cooler for City Hall from NSWC Mechanical Service, LLC of Anaheim, California, in the amount of \$173,681 pursuant to then current Purchasing Resolution No. 23256, Section 602e, and adopted a resolution waiving competitive bidding pursuant to Charter section 1109.

On April 27, 2021, Purchase Order No. 214603 was issued to NSWC Mechanical Service, LLC in the amount of \$173,681.

DISCUSSION:

When the order for the chiller was placed with NSWC Mechanical Services, LLC (NSWC) in April 2021, the global pandemic was seriously impacting manufacturing, due to shortages of raw materials and labor, and delays in receiving electronic components shipped from China and waiting in backlogged ports. At that time, the General Services Department was advised by NSWC that the Daikin factory was accepting orders but not promising any lead times for custom build chillers.

NSWC recently informed General Services that due to historic inflation and dramatic price increases for raw materials such as steel and copper necessary for the custom build, they are unable to place the order with the Daikin factory at the previously quoted Omnia Partners Contract pricing. NSWC has provided an updated cost proposal totaling \$247,833, which is in accordance with OMNIA Partners contract #R200401. NSWC has agreed to honor this pricing until January 3, 2023.

Section 1104 of Purchasing Resolution 23914 allows for modifications to Purchase Orders by Change Order and requires “Awarding Entity approval” when a Change Order exceeds “10% of the original contract price for Contracts and/or Purchase Orders previously approved by the Awarding Entity and the total Change Order amount will not exceed \$150,000”.

At this time, Council approval is requested to increase change order authority for this purchase from 10% (\$17,368) to 42.6% (\$73,988.10) in order to move forward with the custom build chiller for City Hall.

The Purchasing Manager concurs that the recommendation to approve is in compliance with Purchasing Resolution 23914.

STRATEGIC PLAN ALIGNMENT:

This item aligns with *Envision Riverside 2025*, Strategic Priority No. 6. Infrastructure, Mobility & Connectivity, and Goal No. 6.2 Maintain, protect and improve assets and infrastructure within the City’s built environment to ensure and enhance reliability, resiliency, sustainability and facilitate connectivity.

This item also aligns with each of the five Cross-Cutting Threads, as follows:

1. **Community Trust** – Both the initial purchase request for the chiller, and subsequent request to increase change order authority have been agendized for consideration by the City Council, ensuring public transparency.
2. **Equity** – This item is neutral towards this cross-cutting thread.
3. **Fiscal Responsibility** – Cooperative Agreement pricing through OMNIA Partners ensures the best available pricing has been obtained for this custom build chiller. Furthermore, replacing the aging and malfunctioning chiller with a new, energy efficient unit will be more

cost efficient to operate.

4. **Innovation** – The General Services Department has qualified and capable HVAC staff to install the new chiller, saving both time and money for this capital replacement project.
5. **Sustainability & Resiliency** – Replacing the aging and malfunctioning water chiller at City Hall will extend the service life of the HVAC system, improve energy efficiency and provide a more comfortable ambient environment for staff and visitors.

FISCAL IMPACT:

The total fiscal impact of this revision is \$73,988.10 The total revised cost for the chiller for City Hall is \$247,833. Funds are budgeted and available in the Measure Z Capital Fund, City Buildings Annual Deferred Maintenance account 9901909-462050.

Prepared by:	Carl Carey, General Services Director
Certified as to availability of funds:	Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/Treasurer
Approved by:	Kris Martinez, Assistant City Manager
Approved as to form:	Phaedra A. Norton, City Attorney

Attachments: NSWC Certified Proposal Number: R200401-CA-317692