



# City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: APRIL 4, 2023

FROM: GENERAL SERVICES WARD: 1

SUBJECT: RIVERSIDE CONVENTION CENTER CHILLER REPLACEMENT PROJECT IN THE AMOUNT OF \$600,000, INCLUDING THE PURCHASE OF ONE DAIKIN WATER-COOLED CHILLER FROM NSWC MECHANICAL SERVICE, LLC OF ANAHEIM, CALIFORNIA IN THE AMOUNT OF \$370,897 PURSUANT TO PURCHASING RESOLUTION 23914 SECTION 602 (f); ADOPT RESOLUTION TO WAIVE COMPETITIVE BIDDING PURSUANT TO CITY CHARTER SECTION 1109; AND AUTHORIZE A INTERFUND TRANSFER FROM THE GENERAL FUND IN THE AMOUNT OF \$385,000 – SUPPLEMENTAL APPROPRIATION

**ISSUE:**

Approve the Convention Center Chiller Replacement Project in the amount of \$600,000, including the purchase of one Daikin Water-Cooled Chiller from NSWC Mechanical Service, LLC of Anaheim, California in the amount of \$370,897 pursuant to Purchasing Resolution 23914 Section 602 (f); and adopt a resolution to waive competitive bidding pursuant to City Charter Section 1109.

**RECOMMENDATIONS:**

That the City Council:

1. Approve the purchase of one Daikin Water-Cooled Chiller for the Riverside Convention Center from NSWC Mechanical Service, LLC of Anaheim, California in the amount of \$370,897 pursuant to Purchasing Resolution 23914, Section 602 (f);
2. With at least five affirmative votes adopt a resolution waiving competitive bidding pursuant to City Charter 1109 under the City forces exception; and
3. With at least five affirmative votes, authorize an interfund transfer and supplemental appropriation in the amount \$385,000 from General Fund, Non-Departmental-Finance to Convention Center Fund, Chiller Project.

**BACKGROUND:**

The City of Riverside (City) owns the Riverside Convention Center (Convention Center), located at 3637 5<sup>th</sup> Street, and per terms of the Qualified Convention Center Management Agreement with Raincross Hospitality Corporation, the City is responsible for all facilities maintenance and repairs exceeding \$10,000.

## **DISCUSSION:**

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. There are two chillers at the Convention Center; however, one chiller has been inoperable since 2017 and unable to be repaired, resulting in excessive wear and tear on the second chiller, with no back up chiller in the event of equipment failure. As the Convention Center cannot be without proper ventilation or the ability to cool all spaces within the facility to maintain a safe and comfortable environment for revenue generating meetings and events, the Convention Center has been renting a temporary back-up chiller at an estimated cost of \$15,390 monthly, pending replacement of the inoperable chiller.

### **Water-Cooled Chiller Purchase**

NSWC Mechanical Service, LLC holds OMNIA Partners Contract R200401 valid through September 30, 2023. All contracts available through OMNIA Partners have been competitively solicited and publicly awarded by a government entity serving as the lead agency while utilizing industry best practices and processes. This cooperative purchasing contract has been competitively bid nationally and meets the City's procurement requirements under Purchasing Resolution 23914, Section 602 (f) which provides that competitive procurement through the formal and informal procurement process shall not be required, "When Cooperative Purchasing is available and undertaken or when Goods can be obtained through Federal, State, and/or other public entity pricing contracts or price agreements."

### **In-House Installation**

City Charter Section 1109 provides: "The City Council, without advertising for bids, or after rejecting bids, or if no bids are received, may declare and determine that, in its opinion, based on estimates approved by the City Manager, the work in question may be performed better or more economically by the City with its own employees or the supplies or materials may be purchased more economically on the open market, and after the adoption of a resolution to that effect by at least five affirmative votes of the City Council may proceed to have said work done or said supplies of materials purchased in the manner stated, without further observance of the provisions of this section."

The General Services Department has qualified and capable staff to install the new chiller. The procurement of the chiller through cooperative purchasing and installation by City employees will be more economical than competitively bidding the project. A competitively bid project for the purchasing and installation of similar HVAC equipment is estimated to cost between \$663,000 and \$750,000. By purchasing the chiller and installing it with City employees, the City will save approximately \$115,000. Additionally, a competitive bid would require additional staff time to administer and award the competitive bid and then to administer the resulting construction project. Thus, the City will realize additional savings through the reduction in the necessary staff time.

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

## **STRATEGIC PLAN ALIGNMENT:**

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

1. **Community Trust** – Purchase of the water-cooled chiller is agendized for review by the City Council, ensuring community stakeholders understand clearly how the money is being spent.
2. **Equity** – This item is neutral towards this cross-cutting thread.
1. **Fiscal Responsibility** – The General Services Department is proposing this purchase in accordance with Purchasing Resolution 23914, Section 602(f). OMNIA Partners offers agreements that have been competitively procured for use by government agencies. These agreements provide volume pricing and discounts based on use by multiple government agencies and result in a savings of staff time spent on a given procurement.
2. **Innovation** – The combination of cooperative purchasing for the equipment and in-house installation by City staff provides an innovative solution for a costly project.
3. **Sustainability & Resiliency** – The new water-cooled chiller will be energy efficient and helps to ensure that the Convention Center’s post pandemic business recovery is not impacted by cancelled events due to HVAC issues.

**FISCAL IMPACT:**

The total Riverside Convention Center Chiller Replacement Project cost is estimated at \$600,000, as follows:

Equipment and Parts	\$400,000
Demolition Costs and Removal of Old Chiller	\$40,000
Electrical Work	\$75,000
In-House Labor	\$35,000
Contingency	<u>\$50,000</u>
<b>Total:</b>	<b>\$600,000</b>

Upon Council approval, an interfund transfer and supplemental appropriation will be recorded in the amount of \$385,000 from the General Fund, Non-Departmental-Finance Account No. 7223600-990580 to the Convention Center Fund, Chiller Project Account No. 9924900-450310. The remaining funds are budgeted and available in the Convention Center Fund, Convention Center Improvements Account No. 2250000-450310.

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: Edward Enriquez, Interim Assistant City Manager  
 Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. NCWS Certified Proposal Number R200401-264677
2. Resolution