



CITY COUNCIL AGENDA REPORT

MEETING DATE: July 18, 2006

ITEM NUMBER:

SUBJECT: THE REPLACEMENT AND MODIFICATION OF THE HVAC SYSTEM AT FIRE STATION NO. 4 (2300 PLACENTIA AVENUE) - CITY PROJECT NO. 06-06

DATE: JULY 6, 2006

FROM: PUBLIC SERVICES DEPARTMENT/ENGINEERING DIVISION

PRESENTATION BY: WILLIAM J. MORRIS, DIRECTOR OF PUBLIC SERVICES

FOR FURTHER INFORMATION CONTACT: ERNESTO MUNOZ, CITY ENGINEER, (714) 754-5343

RECOMMENDATION:

1. Reject all bids.
2. Authorize the re-advertisement of the project.

BACKGROUND:

The Maintenance Services Division is responsible for the maintenance of all City facilities. Each year the Division performs a condition assessment of all City heating, ventilation, and cooling (HVAC) systems. The result of these surveys is a comprehensive analysis of current and future maintenance and/or replacement needs. The HVAC system at Fire Station No. 4 was identified as having exceeded its expected service life and, due to significant corrosion of critical components, was budgeted for replacement in the Fiscal Year 2004-05 Budget.

In 2005, the Public Services Department solicited bids for the design, labor, materials, and equipment to replace the HVAC system at Fire Station No. 4 (2300 Placentia Avenue) as part of a larger HVAC renovation/replacement project. The bids submitted for the combined project were over the cost estimate and were rejected by City Council, with authorization to re-bid the work. The HVAC replacement for Fire Station No. 4 was removed from the combined project and advertised for bids separately.

ANALYSIS:

On May 22, 2006, the City Clerk received and opened one (1) bid for this project. The apparent low bidder, Allison Mechanical, Inc., submitted a bid of \$47,998 that was 92 percent higher than the Engineer's estimate of \$25,000 (Attachment 1). Since the apparent low bidder's price exceeds the project funding by a significant amount, staff recommends that the bid be rejected.

Re-advertisement of the project will allow staff the opportunity to re-evaluate the scope of work, allow other potential bidders to submit bids for the project, and revise the project's cost estimate, which was developed prior to the current trend of increasing construction costs. It is anticipated that the new cost estimate will be approximately 30-35 percent higher than the previous estimate, based on the analysis of recently bid projects of similar scope.

The existing HVAC mechanical equipment is currently operational, and although there is corrosion of non-moving parts of this system, it is likely that this system will remain functional for the length of time necessary to re-advertise, award, and construct the needed work.

ALTERNATIVES CONSIDERED:

One alternative to this recommendation is for City Council to cancel the project. However, canceling the project would not result in the necessary work being completed. A second alternative would be to award to the sole bidder. However, awarding to the sole bidder would result in a considerably higher project cost. Staff anticipates that re-bidding the project will result in some additional savings below the current bid amount.

FISCAL REVIEW:

The City Council approved funding in the Fiscal Year 2004-05 Budget in the amount of \$25,000 for the replacement of the HVAC system at this location. The Maintenance Services Division has estimated the new project cost to be \$32,500. Sufficient funding is available in the Maintenance Services Division's operating budget, which may be transferred to this project to make up the difference from the previously budgeted amount and the actual project cost.

LEGAL REVIEW:

California Public Contract Code Section 20166 allows the legislative body, at its discretion, to reject any and all bids presented and to re-advertise the project.

CONCLUSION:

It is recommended that the City Council reject all bids; and authorize staff to re-advertise the project.

ERNESTO MUNOZ
City Engineer

WILLIAM J. MORRIS
Director of Public Services

ATTACHMENTS: "1" [Bid Abstract](#)

DISTRIBUTION: City Manager
Assistant City Manager
City Attorney
Maintenance Services Manager
City Clerk
Staff
File

File Name Reject All Bids HVAC
Report

Date 07-06-06

Time 8:30 a.m.