



CITY COUNCIL AGENDA REPORT

MEETING DATE: JANUARY 17, 2012

ITEM NUMBER:

SUBJECT: CONTRACT EXTENSION FOR SIEMENS INDUSTRY, INC.

DATE: JANUARY 6, 2012

FROM: PUBLIC SERVICES DEPARTMENT / MAINTENANCE SERVICES DIVISION

PRESENTATION BY: ERNESTO MUNOZ, INTERIM DIRECTOR, PUBLIC SERVICES DEPARTMENT

FOR FURTHER INFORMATION CONTACT: BRUCE HARTLEY, MAINTENANCE SERVICES MANAGER (714) 754-5123

RECOMMENDATION

1. Approve an amendment to the existing contract with Siemens Industry, Inc. (Siemens) extending the term until July 31, 2012.
2. Authorize Chief Executive Officer and City Clerk to execute the Agreement.

BACKGROUND

At the City Council meeting of January 3, 2012, the Council considered the award of a multi-year contract for Heating, Ventilation and Air Conditioning (HVAC) services to Siemens Industry, Inc. Staff had completed a Request for Proposal process and had identified Siemens as the most qualified proposer. Following inquiries regarding existing services and costs, Council continued the item to the meeting of January 17, 2012 to provide an opportunity for staff to provide the Council with additional information.

Due to the very short time line available between Council meetings and the complexity of the HVAC contract and issues, staff believes the City would be better served by extending the current contract beyond the January 31, 2012 expiration date to allow for a comprehensive evaluation of the City's HVAC systems, needs and options. Siemens Industry, Inc. values the business relationship with the City that has spanned nearly two decades and agreed to extend the existing contract for an additional one hundred eighty (180) days, until July 31, 2012.

ANALYSIS

The City of Costa Mesa entered into a ten-year agreement with Siemens on August 14, 2001 for energy saving Heating Ventilation and Air Conditioning (HVAC) improvements and a maintenance program for several City facilities. The initial contract expired July 31, 2011, at which time the Chief Executive Officer approved a 90-day contract extension to allow staff time to advertise a Request for Proposal (RFP) to competitively seek the most qualified and cost effective service provider possible. That extension expired October 31, 2011.

When the initial contract extension expired and the RFP process was not yet completed, a second contract extension was approved by the City Council on November 1, 2012 to insure continuity of services and that all the HVAC systems remained operational. The RFP process was completed. Following a review of the proposals, staff prepared a recommendation to the City Council for the award of a contract to Siemens at the meeting of January 3, 2012.

Siemens has provided HVAC management and energy efficiency services to the City for over 15 years. The quality of the technical and mechanical support has been excellent, with customer service always being their top priority. Any complaints over the years have been remedied expeditiously and to the City's complete satisfaction. There are currently no issues with their performance.

Siemens has confirmed their commitment to the City by agreeing to the extension and will provide continuous service throughout this process.

ALTERNATIVES CONSIDERED

The Council could extend the existing contract with Siemens for a shorter or longer term or could direct staff to negotiate a time and material price agreement for interim services, but due to the potential for costly repairs should there be a mechanical failure, this second alternative is not recommended.

FISCAL REVIEW

Funding for HVAC services is included in the FY 2011-12 Public Services Department budget.

LEGAL REVIEW

The City Attorney's office reviewed the request and prepared the attached Amendment.

CONCLUSION

The approval of the proposed contract extension will ensure that the City's HVAC systems continue to be properly maintained, repaired and programmed until such time as the Council and staff are prepared to move forward with an award of contract or other alternative course of action. It is recommended that the City Council approve an extension of the current contract to allow for this process to be completed.



ERNESTO MUNOZ, Interim Director
Public Services Department



BRUCE HARTLEY
Maintenance Services Manager

Attachment: Amendment to Performance Services Agreement

Distribution: Chief Executive Officer
Finance/IT Director
City Clerk

AMENDMENT TO PERFORMANCE SERVICES AGREEMENT

THIS AMENDMENT, is made and entered into this January 17, 2012, by and between the CITY OF COSTA MESA, a California municipal corporation ("Customer") and SIEMENS INDUSTRY, INC., a Delaware Corporation previously doing business as SIEMENS BUILDING TECHNOLOGY, INC. ("Contractor"). The abovementioned parties being hereinafter collectively referred to as the "Parties."

Recitals

- A. WHEREAS, City entered into an Agreement with SIEMENS BUILDING TECHNOLOGY, INC, in July 30, 2001 to install and maintain HVAC system for Customer ("Agreement"), and
- B. WHEREAS, SIEMENS BUILDING TECHNOLOGY, INC., changed its name and now operates as SIEMENS INDUSTRY, INC., and
- C. WHEREAS, on August 14, 2001, the Parties amended the Agreement wherein Customer agreed to pay Contractor for the Technical Support Program up to July 30, 2011 ("First Amendment"), and
- D. WHEREAS, on August 9, 2011, the Parties entered into a second amendment extending the term of the Technical Support Program up to October 31, 2011 ("Second Amendment").
- E. WHEREAS, on October 20, 2011, the Parties entered into a third amendment extending the term of the Technical Support Program up to January 31, 2012 ("Third Amendment").
- F. WHEREAS, the Parties desire to enter into this fourth amendment extending the term of the Technical Support Program up to July 31, 2012 ("Fourth Amendment").

NOW, THEREFORE, in consideration of the mutual terms and conditions set forth in the Agreement, the Parties hereby amend the Agreement as follows:

- 1. Section 4.2 of the Agreement is hereby amended to add the following:

The Customer agrees to pay Contractor the additional amount below for the Technical Support Program. The amount owed shall be paid according to the schedule below and shall not exceed Fifty Thousand Dollars (\$50,000.00). The monthly payments shall be due and payable on or before the last day of every month set forth below.

Monthly Period	Monthly Payment Amount
February 1, 2012 thru February 29, 2012	\$15,451.00

March 1, 2012 thru March 31, 2012	\$15,451.00
April 1, 2012 thru April 30, 2012	\$15,451.00
May 1, 2012 thru May 31, 2012	\$15,451.00
June 1, 2012 thru June 30, 2012	\$15,451.00
July 1, 2012 thru July 31, 2012	\$15,451.00
TOTAL	\$92,706.00

2. All other provisions of the Agreement shall remain in full force and effect. This Fourth Amendment with the Agreement and the First through the Third Amendment shall be construed together and shall constitute one Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed by and through their respective authorized officers, as of the date first above written.

Customer:

CITY OF COSTA MESA,
A municipal corporation

Dated

Tom Hatch, City Manager

Contractor:

SIEMENS INDUSTRY, INC

Dated

Mitch Sager, Area Manager

Approved as to Form

Thomas P. Duarte, City Attorney