



**CITY OF SALINAS  
COUNCIL STAFF REPORT**

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**DATE:** OCTOBER 22, 2024  
**DEPARTMENT:** PUBLIC WORKS  
**FROM:** DAVID JACOBS, PUBLIC WORKS DIRECTOR  
**BY:** SEAN SCHMIDT, FACILITIES MANAGER  
**TITLE:** THIRD AMENDMENT WITH ENVIRONMENTAL SYSTEMS, INC.  
FOR HVAC MAINTENANCE

RECOMMENDED MOTION:

A motion to approve a resolution:

- 1) Authorizing the City Manager to execute Third Amendment with Environmental Systems, Inc. for City-Wide HVAC Maintenance Services; and
- 2) Increasing the annual compensation by \$100,000 for a revised not to exceed amount of \$170,750 to cover other work.

EXECUTIVE SUMMARY:

The City entered into an agreement with Environmental Systems, Inc. (ESI) on April 4, 2023, for a not-to-exceed annual amount of \$53,950 for quarterly HVAC services, plus an hourly rate for emergency call backs. Amendment No. 1 and Amendment No. 2 added \$16,800 to the agreement for quarterly HVAC services at the Permit Center increasing the not-to-exceed annual amount to \$70,750. Due to numerous unforeseen additional extra work services from the start of the contract term to present day, the contract total will need to be increased by \$100,000 to account for the services bringing the not-to-exceed annual compensation to \$170,750.

BACKGROUND:

On October 18, 2022, a Request for Proposals (“RFP”) for City HVAC Services was published via Planet Bids, an online bidding tool. A total of 13 vendors were notified, subsequently 2 registered as prospective bidders. A pre-proposal conference, attended by two prospective bidders, was held on October 24. Proposals were due on November 7, 2022, at which time two vendors submitted proposals for evaluation.

An evaluation committee comprised of four cross-departmental City staff members, was formed. The committee conducted a thorough evaluation of the proposals based on the criteria set forth in the RFP. Respondents’ prices were then evaluated using a points method and a final score assigned to each respondent per, facility group. The Points Method allowed the proposal with the lowest cost to receive the maximum points, on all 4 categories scored. Local vendors were allotted 10%-

point increase as identified in the RFP. On April 4, 2023, the City-Wide HVAC Maintenance Service Agreement was awarded to Environmental Systems, Inc. for a not-to-exceed annual compensation of \$53,950. On February 20, 2024, Agreement Amendment No. 1 was approved to add the Permit Center at 65 West Alisal for quarterly services for a not-to-exceed annual amount of \$70,470. On June 18, 2024, Agreement Amendment No. 2 was approved to correct a miscalculation made in Agreement Amendment No. 1. The not-to-exceed annual amount was approved for \$70,750. Since the execution of the contract, ESI has been called back and completed several extra work projects in connection to the HVAC Systems for City Hall, Sherwood Hall, and the Permit Center. Examples of call backs and extra work projects are included in the following:

- Called back to assess the boiler room at City Hall
- Replaced the motor and chiller at Sherwood Hall
- Fabricated and welded new flanged pump elbow and provided and installed new flex at Sherwood Hall. The City received invoice 9265-2 totaling \$2,488. Invoice can't be paid until contract total is increased.
- Provided McQuay service for chiller #1 and tube cleaning at Sherwood Hall. The City received invoice SD12062 totaling \$11,918. Invoice can't be paid until contract total is increased.
- Called back to trouble shoot water heater at Permit Center
- Called back to reinitialize ETH BACnet settings and confirmed MSTP/Network configuration at Permit Center

The City facilities requiring HVAC services consist of a mix of recreation centers & office/public buildings. These include the following:

<b>GROUP/CATEGORY</b>	<b>FACILITY</b>	<b>LOCATION</b>
<i>Facilities</i>	City Hall and Rotunda	200 Lincoln Avenue, 93901
<i>Recreation Centers</i>	Sherwood Hall	940 N Main Street, 93906
	Aquatic Center	1 E Bernal Drive, 93906
<i>Community Development</i>	Permit Center	65 West Alisal, 93901

**CEQA CONSIDERATION:**

**Not a Project.** The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378,

this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

NO

STRATEGIC PLAN INITIATIVE:

This item relates to the City Council’s Strategic Plan to have a Well-Planned City and Excellent Infrastructure. It’s the City’s goal to safely and efficiently manage the infrastructure with which we have been entrusted.

DEPARTMENTAL COORDINATION:

The Maintenance Services Division Staff worked with Recreation/Park Division and Engineering Division Staff in the coordination of the services for the various locations in the agreement.

FISCAL AND SUSTAINABILITY IMPACT:

Fund	Appropriation	Appropriation Name	Total Appropriation	Amount for recommendation	FY 24-25 Operating Budget Page	Last Budget Action (Date, Resolution)*
1000	50.5232-63.4100	Outside Services-Maint & Repairs–Bldg & Grounds	\$34,191	\$30,000	325	6/11/24, 22979
1200	55.6243-63.4100	Outside Services-Maint & Repairs–Bldg & Grounds	\$45,577	\$10,000	201	6/11/24, 22979
1000	80.8003-63.4100	Outside Services-Maint & Repairs–Bldg & Grounds	\$30,680	\$25,000	243	6/11/24, 22979
1200	55.6249-63.4010	Outside Services-Maint & Repairs–Bldg & Grounds	\$40,000	\$35,000	208	6/11/24, 22979

\* The FY 24-25 Adopted Budget was adopted on June 11, 2024.

The yearly cost of \$70,750 for the City-Wide HVAC Services Agreement for City Hall, Permit Center, Sherwood Hall, and Aquatic Center is funded with General Funds from multiple accounts. Unscheduled/extra work will be funded from the same multiple accounts detailed in the table above. Since the recommended increased amount for unscheduled/extra work for accounts 1200.55.6243-63.4100 and 1000.80.8003-63.4100 are more than the current amounts in the accounts, the corresponding departments will request to increase the amounts by \$26,198 during mid-year budget to cover services.

ATTACHMENTS:

Resolution

Original Agreement

Third Agreement Amendment