



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: APRIL 22, 2025

DEPARTMENT: PUBLIC WORKS AND LIBRARY AND COMMUNITY SERVICES

FROM: DAVID JACOBS, PUBLIC WORKS DIRECTOR
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TITLE: AMENDMENT NO. 1 TO THE AGREEMENT WITH ENVIRONMENTAL SYSTEMS INC. FOR EMERGENCY SHERWOOD HALL HVAC BOILER REPLACEMENT, CHILLER MAINTENANCE AND WATER TREATMENT

RECOMMENDED MOTION:

A motion to approve a Resolution:

1. Approving Amendment No. 1 to the agreement with Environmental Systems Inc. for the HVAC boiler and chiller system improvements at Sherwood Hall in an amount not to exceed \$182,044.50 and increase the total compensation to an amount not to exceed \$699,400.50;
2. Delegating authority to the City Manager to execute Amendment No.1; and
3. Authorizing a transfer from the Facilities Maintenance Reserve to the Recreation Department – Community Center Division fund of \$182,044.50, to cover the expenses related to the improvements.

EXECUTIVE SUMMARY:

Sherwood Hall's HVAC boiler and chiller system failed. The boiler was original to the building construction and was having nuisance failures due to its age and condition. The boiler has been changed and is now running well. The chiller system cooling operation is inoperative. The chiller has no flow and needs the cooling tubes changed out due to corrosion and not having been serviced properly. Cleaning the cooling tubes has not helped the system function properly, and a total replacement of the cooling tubes is the only option.

BACKGROUND:

The Public Works Facilities Division has been collaborating with the Library and Community Services Recreation-Park Division and their on-call service contractor, Environmental Systems Inc. (ESI), for several years to address ongoing issues concerning the HVAC system at Sherwood

Hall. Over the course of these discussions, significant challenges have emerged with the building's HVAC control system and its overall operation.

On March 13, 2024, Facilities informed Recreation- Park staff that the building's HVAC control air system had failed. The system was assessed as part of its quarterly maintenance, and it was determined that there were large air leaks causing the buildings air compressor to operate continually and ultimately fail. The failed control system caused the building to drastically overheat. The assessment recommended to replace the nomadic HVAC control system to digital. The replacement not only allow Facilities to detect proper function, but it improved efficiencies by allowing them to address any issues remotely.

On August 12, 2024, the boiler and chiller were shut off to upgrade the control valves for the system. Once the new valves were in place Facilities and ESI found that the boiler would not turn on again and the chiller had no water flow. Upon further inspection the boiler was leaking water, and the gas igniter would not work. ESI brought MFG, the chiller manufacturer to inspect the chiller and found that bells, tubes and tube sheets fouled and need a more aggressive acid cleaning. Two flow sensors were found to be inoperative, and the chiller software needing to be upgraded. MFG also shared that no maintenance / service had been done to the system since its purchase.

On November 12, 2024, the Salinas City Council entered into an agreement with Environmental Systems Inc. (ESI) for the emergency repair of the Sherwood HVAC boiler and chiller system overhaul. This agreement was vital to address the urgent failures within the HVAC system, including the issues with the boiler leaking water and the chiller system requiring significant maintenance. The agreement was designed to expedite repairs and ensure that both the boiler and chiller were restored to full operational capacity.

Work completed to date includes retrofitting, repairing, and cleaning the HVAC system at Sherwood Hall, specifically addressing the inoperative chiller and cooling operation. The chiller, which was not functioning due to a lack of flow, was thoroughly cleaned and serviced. The end bells, tubes, and tube sheets were removed, as they were found to be fouled and required aggressive acid cleaning. Additionally, two flow sensors were replaced, and a chiller assurance program was conducted, which included opening and inspecting the system.

During the chiller rebuild, an Eddy Current test was conducted, revealing serious issues. Out of 300 tubes, 13 were completely blocked and had no flow, and 40 others had excessive scale build-up or were too thin, which could cause them to rupture. If a tube ruptures, it could lead to a complete failure of the chiller. Both the testing agency and the chiller manufacturer agree that all the tubes need to be replaced. These problems happened due to long-term neglect of proper water treatment for the chiller and cooling tower.

The amendment will cover the full replacement of all the chiller tubes, applying epoxy coatings, and any other necessary repairs. The amendment also includes a 10% contingency to cover unexpected issues, with a total amount not to exceed \$182,044.50.

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 15269 (b)).

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

Yes

STRATEGIC PLAN INITIATIVE:

This project addresses the current City Council's Goals of Infrastructure and Environmental Sustainability by improving city facilities.

DEPARTMENTAL COORDINATION:

The Facilities and Recreation-Park Divisions along with the City Manager's Office and Finance have worked together to identify funding for the replacement of the HVAC Chiller System maintenance. The Facilities Divisions will ensure timely replacement and proper protocols are followed.

FISCAL AND SUSTAINABILITY IMPACT:

Staff's recommended action transfers the reserve amount to the Department's outside services to replace the Sherwood HVAC boiler. The first row on the table below identifies the Facilities Maintenance Reserve Fund Balance total and reduction amount resulting from the reallocation to the Department's budget. The second row identifies that there is currently no budget within that appropriation and the addition of the appropriation.

Fund	Appropriation	Appropriation Name	Total Appropriation	Amount for recommendation	FY 24-25 Operating Budget Page	Last Budget Action (Date, Resolution)
1000	38.0197	Facilities Maintenance Reserve	\$1,248,000	\$185,044.50	N/A	6/13/23; 22685
1000	55.6243	Outside Services -Maint & Repairs	\$0	\$185,044.50	N/A	N/A

There are sufficient funds within the City's Facilities Reserve Fund.

ATTACHMENTS:

Amendment 1
Resolution
Quote from Environmental Systems Inc.