

Date: _____ December 10, 2007

Committee Meeting Date: _____ December 20, 2007

Board Meeting Date: _____ January 3, 2008

BOARD MEMORANDUM

ACTION ITEM

TO: Transit Planning and Operations Committee
Santa Clara Valley Transportation Authority
Board of Directors

THROUGH: Michael T. Burns
General Manager

FROM: Donald A. Smith, Jr.
Chief Operating Officer

SUBJECT: Heating Ventilation and Air Conditioning Replacements at Guadalupe Division

Policy-Related Action: (No)

Government Code Section 84308 Applies: (No)

RECOMMENDATION:

Authorize the General Manager to execute a contract with Kinetics Mechanical Service Incorporated, the lowest responsible and responsive bidder, for the replacement of five heating ventilation and air conditioning (HVAC) units and the addition of one unit heater at the Guadalupe Light Rail Division in the amount of \$394,679.

BACKGROUND:

This work will complete the replacement and upgrading of aging and oversized HVAC system units at the Guadalupe Light Rail Division. Three of the units, two on Building A and one on Building D are original equipment installed in 1986. Two units will replace the existing units that heat and cool the Operations Control Center. After numerous site reconfigurations these units are now too large for the area served, creating large temperature fluctuations and wasting energy. The unit heater will be added to the new mechanics shop in Building D.

All new equipment meets or exceeds current California Title 24 environmental standards for energy efficiency.

DISCUSSION:

The replacement of five HVAC units and the addition of one unit heater at the Guadalupe Light Rail Division Invitation for Bid was issued September 21st, 2007.

Four bids were received with the following results:

Kinetics Mechanical Service Incorporated	\$ 394,679.00
Johnson Controls Incorporated	\$ 516,854.00
OC McDonald Company Incorporated	\$ 538,854.00
<u>Best Contracting Services Incorporated</u>	<u>\$ 690,720.00</u>
Engineers Estimate	\$ 586,600.00

The Program Manager and Contract Administrator evaluated the bids and selected Kinetics Mechanical Service Incorporated as the recommended firm to do this work. All firms were qualified to complete this project, however, the 23.5% price difference between Kinetics Mechanical Service Incorporated's bid and the next lowest responsible bidder prompted a detailed examination of Kinetics Mechanical Service Incorporated's bid. After a thorough examination and reference check staff determined Kinetics Mechanical Service Incorporated is qualified to replace the HVAC equipment at the Guadalupe Division as specified in the contract.

The \$394,679 replacement cost of the HVAC equipment at the Guadalupe Light Rail Division contract is based on a lump sum for materials and labor.

ALTERNATIVES:

The Board of Directors could request staff issue another Invitation for Bid. However, staff does not recommend this alternative because the proposals were submitted by leading contractors who specialize in HVAC equipment installation. Delay in awarding this contract would significantly impact the schedule and funding for the replacement of this equipment.

In addition, deferring this project past FY 2010 will incur major increases in installation costs due to approved future changes to Title 24 environmental regulations that will increase the size and weight of new HVAC units by 50%, creating the need for significant rooftop structural modifications necessary for the installation of larger and heavier units.

FISCAL IMPACT:

The funds for this project are available in the FY2008 Adopted Transit Capital Budget.

SMALL BUSINESS ENTERPRISE (SBE) PARTICIPATION:

Based on identifiable subcontracting opportunities, a Small Business Enterprise (SBE) goal of 5% has been established for this contract. Contractor met the goal and has committed to 9 % SBE participation on this contract.

Prepared by: Gregory P. Beattie