



# Folsom City Council Staff Report

<b>MEETING DATE:</b>	9/12/2023
<b>AGENDA SECTION:</b>	Consent Calendar
<b>SUBJECT:</b>	Resolution No. 11100 – A Resolution Authorizing the City Manager to Execute a Contract with LEED Mechanical for the City Hall Boiler & HVAC Replacement Project and Appropriation of Funds
<b>FROM:</b>	Parks and Recreation Department

### **RECOMMENDATION / CITY COUNCIL ACTION**

Staff recommends the City Council approve Resolution No. 11100 – A Resolution Authorizing the City Manager to execute a contract with LEED Mechanical for the City Hall Boiler & HVAC Replacement Project and Appropriation of Funds.

### **BACKGROUND / ISSUE**

The four HVAC units, two boilers, and 68 variable air volume boxes that serve the City Hall building are original to the building and have been in place since 1991. The entire HVAC system (roof-top HVAC, boilers/controls/etc.) has exceeded the system’s useful life, and several replacement components for the roof-top units are no longer available.

As part of the due diligence for this project, the Facilities Division of the Parks and Recreation Department engaged an architectural and engineering firm to review the existing HVAC system and develop a set of specifications to be utilized by firms interested in submitting proposals for this project. The specifications help to ensure consistency in the bidding process for all firms submitting bids. The scope of the project includes the removal of the existing HVAC units, boilers, controls, and other components listed in the architectural and engineering firm’s specifications.

Folsom City Hall opened in 1992. The HVAC system has been in place since 1991. As stated above, all major components are original to the building and have an operational life of 32 years. The American Society of Heating, Refrigeration, and Air-Conditioning Engineers (ASHRAE) equipment life expectancy (useful life) is shown below:

- Roof Top Air Conditioners – 15 years
- Boilers – 25 years
- Controls – 16 years
- Variable Air Volume Boxes – 20 Years

Installation of new boilers, HVAC, and controls, along with the implementation of a thermostat policy will greatly improve occupant comfort and will save the City approximately \$60,000 per year in energy costs.

Previously, the project was procured as a design-build project where it was initially awarded at the May 24, 2022 City Council Meeting. The award was rescinded on July 12, 2022, due to clerical error and a protest. All design-build proposals were rejected at the July 26, 2022, City Council Meeting.

The current procurement of the project utilized the costs provided by the design-build proposals to provide a potential budget for the project which was provided pre-design and based on each individual contractor’s idea of what needed to be replaced. This averaged \$950,000. The actual cost based on the useful and operational life of the designed project turned out to be twice the proposed budget. Staff from the Public Works Department and Parks and Recreation Facilities Division prepared the bid documents and addenda for this procurement.

**POLICY / RULE**

Section 2.36.120 of the Folsom Municipal Code states, in part, that contracts for supplies, equipment, services, and construction with an estimated value of \$70,952 or greater shall be awarded by the City Council.

**ANALYSIS**

The Notice to Contractors for the City Hall Boiler & HVAC Replacement Project was published on April 14, 2023, with notices posted to local and electronic bid boards, builders exchanges, and the City of Folsom website. A pre-bid job walk was held on April 27, 2023.

The Parks & Recreation Department received 5 bids on June 13, 2023

Contractor	Bid
1. Leed Mechanical-Lowest Responsible Responsive Bid	\$1,892,640
2. EMCOR Services-2 <sup>nd</sup> Lowest Responsible Responsive Bid	\$2,315,985
3. Hometown Construction, Inc.-3 <sup>rd</sup> Lowest Responsible Responsive Bid	\$2,496,000
4. B&M Builders-4 <sup>th</sup> Lowest Responsible Responsive Bid	\$2,809,765
5. <b>AK Mechanical-Non-Responsive</b>	<b>\$1,871,539</b>

**FINANCIAL IMPACT**

Installation of new boilers, HVAC, and controls should not exceed \$2,081,904, which is the total of the Leed Mechanical bid (\$1,892,640.00) and a 10% contingency of \$189,264.00 for unanticipated HVAC structural or infrastructure related issues.

\$800,000 of ARPA funds have been designated for this project.

An additional appropriation of \$1,281,904 is required to complete the project. Staff recommends this be in the form of a five-year loan with 3% simple interest from the Equipment Replacement Fund (Fund 602) to the General Fund (Fund 010). The Equipment Replacement Fund has sufficient funds available to provide for this loan.

Annual loan repayments from the General Fund (Fund 010) to the Equipment Replacement Fund (Fund 602) will be \$294,838 annually for five years, beginning in FY 2024/25.

**ENVIRONMENTAL REVIEW**

This project is exempt from environmental review under the California Environmental Quality Act (CEQA) per Article 19, 15300.1 – Relation to Ministerial Projects.

**ATTACHMENTS**

Resolution No. 11100 – A Resolution Authorizing the City Manager to Execute an Agreement with Leed Mechanical for the City Hall Boiler & HVAC Replacement Project and Appropriation of Funds.

Submitted,

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Kelly Gonzales, Parks & Recreation Director

**RESOLUTION NO. 11100**

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH LEED MECHANICAL FOR THE CITY HALL BOILER & HVAC REPLACEMENT PROJECT AND APPROPRIATION OF FUNDS**

**WHEREAS**, the Boiler and HVAC system is critical infrastructure for the operation of City Hall; and

**WHEREAS**, the Parks & Recreation Department staff has validated the need to replace the existing City Hall Boiler and HVAC system due to component failures and the system is beyond its useful life; and

**WHEREAS**, the project was publicly advertised on April 14, 2023 and on June 13, 2023 bids were received and opened; and

**WHEREAS**, Leed Mechanical provided the lowest responsive responsible bid of \$1,892,640; and

**WHEREAS**, \$800,000 of the funds received from the American Rescue Plan Act (ARPA) were allocated to this project; and

**WHEREAS**, an additional appropriation will be required for the project in the amount of \$1,281,904; and

**WHEREAS**, staff is requesting that the additional appropriation be in the form of a five-year interfund loan with 3% simple interest from the Equipment Replacement Fund (Fund 602) to the General Fund (Fund 010); and

**WHEREAS**, the agreement will be in a form acceptable to the City Attorney:

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Folsom authorizes the City Manager to Execute a Construction Agreement with Leed Mechanical for the City Hall Boiler & HVAC Replacement Project for \$1,892,640 with a ten percent contingency of \$189,264 for a total not to exceed project cost of \$2,081,904

**NOW, THEREFORE BE IT FURTHER RESOLVED** that the Finance Director is authorized to make an appropriation in the form of a five-year loan with 3% simple interest from the Equipment Replacement Fund (Fund 602) to the General Fund (Fund 010) in the amount of \$1,281,904.

**NOW, THEREFORE BE IT FURTHER RESOLVED** that the Finance Director is authorized to make an appropriation of \$1,281,904 in the General Fund (Fund 010) for the additional project costs.

**PASSED AND ADOPTED** this 12th day of September 2023, by the following roll-call

vote:

**AYES:** Councilmember(s):  
**NOES:** Councilmember(s):  
**ABSENT:** Councilmember(s):  
**ABSTAIN:** Councilmember(s):

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Rosario Rodriguez, MAYOR

ATTEST:

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Christa Freemantle, CITY CLERK

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**FOLSOM**  
DISTINCTIVE BY NATURE