



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 09/15/2026

ITEM NO: 5

DATE: September 15, 2026
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Approve a First Amendment to the Agreement for Heating Ventilation and Air Conditioning Maintenance and Repair Services with Air Systems Inc. to Increase Fiscal Year 2025-26 Compensation by \$4,122 for a Total Year Two Compensation of \$108,442.**

RECOMMENDATION: Approve a First Amendment to the Agreement for Services with Air Systems Inc. to retroactively increase Fiscal Year 2025-26 compensation by \$4,122 for services already performed, increase the total year two compensation to \$108,442, authorize payment of properly documented invoices within the amended contract amount, and authorize the Town Manager to execute the amendment.

FISCAL IMPACT:

The \$4,122 increase represents a liability for services performed during Fiscal Year 2025-26. The expenditure was accrued to Fiscal Year 2025-26 and will be charged to the Parks and Public Works Facilities Maintenance Program (6335423-63353). Sufficient Fiscal Year 2025-26 appropriation is available, and no additional appropriation or budget adjustment is required. Future fiscal year funding is subject to Town Council approval of the operating budget appropriations made during the Town's annual budget process.

STRATEGIC PRIORITY:

Not Applicable. This item does not directly implement an adopted 2025-2027 Strategic Priority. This action supports the Town's Core Goal of Quality Public Infrastructure by ensuring town facilities and properties are maintained for public use and services.

PREPARED BY: Tyler Thomas
Superintendent

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, Administrative Services Director, and Parks and Public Works Director

BACKGROUND:

The Town entered into an Agreement for Services with Air Systems, Inc. on July 1, 2024, for Heating Ventilation and Air Conditioning (HVAC) Preventative Maintenance and Repair Services. This agreement was entered into after a Request for Proposal (RFP) was advertised by Parks and Public Works. Two proposals were received on May 14, 2024, and Air Systems, Inc. was the lowest responsible bidder for the work. The proposed amendment will be the first amendment to Air Systems, Inc.'s contract. This work is performed at six main Town facilities and includes emergency and after-hours response and repairs.

DISCUSSION:

During Fiscal Year 2025-26, the demand for HVAC services exceeded initial staff projections. The Town experienced an increase in emergency response requests related to HVAC equipment that required repair.

By the end of Fiscal Year 2025-26, the value of services performed exceeded the authorized Fiscal Year 2025-26 agreement amount; however, the full amount of the overage was not known until the final invoices for completed work were received. The requested contract increase of \$4,122 reflects work that was necessary to maintain this equipment and respond to operational demands that exceeded original budget assumptions.

The budget overage was unknown during Fiscal Year 2025-26 because invoices for completed work were not received from the contractor until several months after the services were performed. As a result, the full Fiscal Year 2025-26 contract expenditures were not reflected in the financial information available to staff prior to year-end.

Staff have communicated the need for timely invoicing and will closely reconcile invoiced expenditures, work in progress, and remaining contract authority to prevent future work from exceeding authorized compensation.

CONCLUSION:

Approval of the requested increase will provide sufficient contract authority to pay for services performed by Air Systems, Inc., during Fiscal Year 2025-26 and ensure the agreement accurately reflects the actual cost of maintaining the Town's heating and cooling systems.

Staff recommend that the Town Council approve an increase of \$4,122 to the Air Systems, Inc. Heating Ventilation and Air Conditioning (HVAC) Preventative Maintenance and Repair Services Agreement, increasing the Year 2 Compensation to \$108,442.

COORDINATION:

This report was prepared in coordination with the Finance Department.

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SUBJECT: First Amendment to Agreement for Services with Air Systems, Inc.

DATE: September 15, 2026

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. First Amendment to Agreement for Services
2. Original Agreement for Services