



COUNCIL AGENDA REPORT

MEETING DATE: 4/21/08
ITEM NO: 5

DATE: APRIL 16, 2008

TO: MAYOR AND TOWN COUNCIL

FROM: GREG LARSON, TOWN MANAGER

A handwritten signature in black ink, appearing to be "Greg Larson", written over the printed name.

SUBJECT: PPW JOB NO. A08-010 – EQUIPMENT PURCHASE

- A. ADOPT RESOLUTION AUTHORIZING TOWN MANAGER TO EXECUTE AN AGREEMENT WITH O. C. MCDONALD COMPANY, INC. FOR THE REMOVAL AND REPLACEMENT PURCHASE OF A BOILER FOR THE CIVIC CENTER IN THE AMOUNT OF \$47,800 IN ACCOUNT 633-83901
- B. AUTHORIZE A BUDGET ADJUSTMENT IN THE AMOUNT OF \$15,500 FOR THE REMOVAL AND REPLACEMENT OF THE BOILER FROM THE MANAGER'S PRODUCTIVITY AND CONTINGENCY FUND
- C. AUTHORIZE A TRANSFER OF \$15,500 FROM THE MANAGER'S PRODUCTIVITY AND CONTINGENCY FUND TO ACCOUNT 633-83901

RECOMMENDATION:

1. Adopt resolution authorizing the Town Manager to execute an agreement (Exhibit A) with O. C. McDonald Company, Inc. for the removal and replacement purchase of a boiler for the Civic Center in the amount of \$47,800 from Account 633-83901.
2. Authorize a budget adjustment in the amount of \$15,500 for the removal and replacement of the boiler from the Manager's Productivity and Contingency Fund.
3. Authorize a transfer of \$15,500 from the Manager's Productivity and Contingency Fund to Account 633-83901.

BACKGROUND:

In the spring of 2002, the Town experienced many mechanical and operation problems with the Civic Center boiler. The problems were primarily due to the age of the 40 plus year old boiler that had passed its service life.

PREPARED BY: KEVIN ROHANI

Interim Director of Parks and Public Works

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Reviewed by: PSS Assistant Town Manager ____ Town Attorney ____ Clerk Administrator
SC Finance ____ Community Development

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Staff was directed to postpone repairs or replacement of Civic Center HVAC equipment until results of the Civic Center Master Plan gave indication as to plans for the Town's Civic Center facility. In December 2002, the boiler failed completely. The Town was faced with the coldest time of the year and the immediate need for a replacement boiler. Staff solicited bids from three HVAC contractors regarding the cost of a new boiler and installation.

Of the bids received, two would provide and install new boilers but they did not keep boilers in stock (6 to 8 week lead time). The other contractor could provide the boiler only; this boiler was in stock and ready for delivery. Further research regarding this particular boiler indicated this was an up-to-date boiler with features that would ensure compliance with new State requirements and would fit in the existing boiler's space. This boiler was installed by a boiler installation contractor in January of 2003. Prior to a typical installation of a such heating system with boilers, the entire piping system is generally cleaned out and tested for leaks and a chemical treatment of recirculating water is done to ensure the optimum operation of the system.

This pre-installation process can take some time as leaks in the piping system have to be repaired before the boiler is installed. Due to the urgency of putting the boiler in operation, no cleaning of the system piping and chemical treatment was done. This boiler continued to operate for the next three plus years with frequent maintenance and service performed on it.

In May 2007, the boiler broke down, and upon detailed inspection and testing, it was determined that the internal tubes were clogged with debris and corroded extensively. After inspection by two independent contractors who are experts in the installation and operation of such boilers, the cause of this break down was identified as age of the piping in the system that is over 40 years old and calcification throughout the hot water piping system. Some of the boiler's internal piping was cleaned and put back in service along with the installation of a debris filter to prevent further deposits of debris in the system piping to enter into the boiler. In addition, a return water meter was installed to determine if excessive make-up water was being added to the system (adding make-up water to the system introduces new minerals and oxygen that can lead to pipe corrosion problems).

DISCUSSION:

In early March 2008, the boiler began making noises which were determined to be caused by further clogging of the boiler in areas that were inaccessible during the repairs that were accomplished in May of 2007. Upon consultation with contractors and mechanical engineers specializing in the design and installation of boilers, it was decided that the cost to repair the boiler would be excessive and would not assure reliability due to the difficulty of cleaning the internal tubes of this boiler. This boiler had a one-year warranty and its manufacturer is no longer in business.

After extensive discussions with various experts and engineers, staff prepared specifications for the new boiler. This new boiler will have a 25 year service life and warranty and is selected for its performance, efficiency, manufacturers' track record, and serviceability. The Town qualifies

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to receive rebates (approximately \$2,000) from PG&E for this high efficiency boiler. Staff also contacted facility managers of buildings similar to the Civic Center to investigate the boilers they use and to learn about any operational problems they might have with their heating system.

In conjunction with the installation of this new boiler, the hot water piping system will be flushed and chemical treatment of water will be included to protect the overall system. It is possible that during this pipe cleaning process, some leaks in the pipe fittings may occur and all will be repaired before the system is put back into operation. In addition to the installation of the new boiler, staff will be taking measures to ensure that the maintenance contractor is fully aware of all details related to the maintenance of this boiler and that all steps are taken to ensure its optimum operation.

For purchases under \$100,000, the Town's informal bid process does not require public advertising and the preparation of plans or specifications. This informal bid process allows staff to solicit bids from a minimum of three (3) vendors and award the contract to the lowest responsible bidder. The following bids were received for the new boiler:

O. C. McDonald Company, Inc.	\$47,800
Therma, Inc.	\$55,038
Thermal Mechanical, Inc.	\$76,456

Staff has checked the bids received and has determined that O. C. McDonald Company, Inc. is the lowest responsible bid and that its bid is responsive to the Town's informal bid process. It is recommended that Council adopt the attached Resolution that would declare O. C. McDonald Company, Inc. to be the lowest responsible bidder and award an agreement to this company in the amount of \$47,800. It is anticipated that due to the 8 to 10 weeks of delivery of the boiler, and its subsequent installation and testing, the boiler will be in full operation by July.

CONCLUSION:

Staff recommends the removal and replacement purchase of a new boiler for the Civic Center.

ENVIRONMENTAL ASSESSMENT:

This is a project as defined under CEQA, but is Categorical Exempt (Section 15301(c)). A notice of exemption will not be filed.

FISCAL IMPACT:

The total project cost to replace the boiler is estimated to be \$47,800. Funding of \$32,388 is available in the Building and Maintenance Fund Account 633-83901 indicating a funding shortfall of \$15,412.

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A budget transfer of \$15,500 from the Manager's Productivity and Contingency funds is required to make up for the funding shortfall in the Building and Maintenance Fund for this project. \$50,125 is available in the Manager's Productivity and Contingency funds.

Attachments:

Resolution authorizing an agreement (Exhibit A) with O. C. McDonald Company, Inc. for the removal and replacement purchase of a boiler for the Civic Center.

RESOLUTION

**RESOLUTION OF THE TOWN COUNCIL
OF THE TOWN OF LOS GATOS
AUTHORIZING THE TOWN MANAGER
TO EXECUTE AN AGREEMENT WITH
O. C. MCDONALD COMPANY, INC.
FOR PPW JOB NO. A08-010
REMOVAL AND REPLACEMENT PURCHASE
OF A BOILER FOR THE CIVIC CENTER
IN THE AMOUNT OF \$47,800**

WHEREAS, the existing boiler at the Civic Center has failed and is beyond repair; and

WHEREAS, the Town budget provides for the removal and replacement purchase of a boiler for the Civic Center; and

WHEREAS, staff prepared a request for proposal for the boiler for the Civic Center; and

WHEREAS, O. C. McDonald Company, Inc., who is the authorized vendor for this type of equipment, submitted a bid which the Town Council deems to be responsive to the Town's solicitation process; and

WHEREAS, staff recommends the removal and replacement purchase of a boiler from O. C. McDonald Company, Inc., and

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Los Gatos, County of Santa Clara, State of California, that O. C. McDonald Company, Inc. is declared to be the authorized satisfactory vendor for the removal and replacement purchase of a boiler; and

BE IT FURTHER RESOLVED that the Town Manager is hereby authorized and directed to execute an agreement (Attached as Exhibit A) for the removal and replacement purchase of a boiler in the amount of \$47,800.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 21st day of April, 2008, by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED: MAYOR OF THE TOWN OF LOS GATOS/
LOS GATOS, CALIFORNIA

ATTEST:

CLERK ADMINISTRATOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

**AGREEMENT BETWEEN THE TOWN OF LOS GATOS AND
O.C. MCDONALD COMPANY, INC.
FOR PPW JOB NO. A08-010
REMOVAL AND REPLACEMENT PURCHASE OF
THE BOILER FOR THE CIVIC CENTER**

THIS AGREEMENT is made and entered into in the Town of Los Gatos, County of Santa Clara, State of California, by and between the **Town of Los Gatos**, a municipal corporation [hereinafter Town], and **O. C. McDonald Company, Inc.** [hereinafter Vendor], as of the ____ day _____, 2008.

RECITALS

- (A) The Town is considering undertaking activities to purchase and install a 2,000 BTU/hr Rite Durafin Boiler
- (B) The Town desires to engage a Vendor to provide services in conjunction with this project because of Vendor's experience and qualifications to perform the desired work.
- (C) The Vendor represents and affirms that it is qualified and willing to perform the desired work pursuant to this Agreement.

IT IS AGREED AS FOLLOWS:

1. Supplies and Terms. Vendor hereby agrees to deliver to the Town of Los Gatos Parks and Public Works Department at 41 Miles Avenue, Los Gatos, CA 95030 the items and materials described in Exhibit A hereto. The terms and conditions are as follows:
2. Price. Town shall pay Vendor the amounts defined in Exhibit A, and which include sales tax and delivery charges. Payment shall be net 30 days from delivery.
3. Insurance.
 - A. Minimum Scope of Insurance:
 - i. Vendor agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: one million dollars (\$1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

- ii. Vendor agrees to have and maintain for the duration of the contract, an Automobile Liability insurance policy ensuring him/her and his/her staff to an amount not less than one million dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.
- iii. Vendor shall provide to the Town all certificates of insurance, with original endorsements effecting coverage including loss of property due to fire loss. Vendor agrees that all certificates and endorsements are to be received and approved by the Town before work commences.
- iv. Vendor agrees to have and maintain, for the duration of the contract, professional liability insurance in amounts not less than \$1,000,000 which is sufficient to insure Vendor for professional errors or omissions in the performance of the particular scope of work under this agreement.

B. General Liability:

- i. The Town, its officers, officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the Vendor; products and completed operations of Consultant, premises owned or used by the Vendor. This requirement does not apply to the professional liability insurance required for professional errors and omissions.
- ii. The Vendor's insurance coverage shall be primary insurance as respects the Town, its officers, officials, employees and volunteers. Any insurance or self-insurances maintained by the Town, its officers, officials, employees or volunteers shall be excess of the Vendor's insurance and shall not contribute with it.
- iii. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its officers, officials, employees or volunteers.
- iv. The Vendor's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

C. All Coverages: Each insurance policy required in this item shall be endorsed to state that coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Town. Current certification of such insurance shall be kept on file at all times during the term of this agreement with the Clerk Administrator.

- D. In addition to these policies, Vendor shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to the Town before beginning services under this Agreement. Further, Vendor shall ensure that all subcontractors employed by Vendor provide the required Workers' Compensation insurance for their respective employees.
5. Indemnification. The Vendor shall save, keep and hold harmless, indemnify and defend the Town, its officers, agent, employees and volunteers from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by a willful or negligent act or omission of the Vendor, or any of the Vendor's officers, employees, or agents or any subcontractor.
6. Warranty. Vendor shall remedy any defects due to faulty materials and/or workmanship from the date of installation of equipment. Warranty time lines for equipment shall be as follows: Labor and materials shall be warranted by the Vendor for one year.
7. Delivery. Owner shall be responsible to deliver equipment no later than **June 27, 2008** between the hours of 7:00 A. M. and 3:30 P. M. on weekdays that are not Town holidays.
8. Time of the Essence. Prompt delivery of the items and materials is essential to this Agreement.
9. Equal Employment Opportunity. Vendor warrants that it is an Equal Opportunity Employer and shall comply with applicable regulations regarding equal employment opportunity. Vendor shall not discriminate in the employment of any person because of race, color, national origin, ancestry, mental or physical disability, medical condition, marital status, sex, age, or sexual preference, unless based upon a bona fide occupational qualification pursuant to the California Fair Employment and Housing Act.
10. Notices. All notices to be given with respect to this Agreement shall be addressed as follows:
- | | |
|-----------------------------------|--------------------------------|
| To: Town of Los Gatos | To: Vendor |
| Town of Los Gatos | O. C. McDonald Company, Inc. |
| Parks and Public Works Department | Ronald Almond, Service Manager |
| 41 Miles Avenue | P. O. Box 26560 |
| Los Gatos, CA 95030 | San Jose, CA 95159-6560 |
11. Waivers. Waiver of a breach or default under this Agreement shall not constitute a continuing waiver or a waiver of a subsequent breach of the same or any other provision of the Agreement.
12. Modification. Waiver, termination, or amendment to this Agreement is effective unless made in writing and signed by the Town and the Vendor.

13. Severability. If any term of this Agreement is held invalid by a court of competent jurisdiction, the remainder of this Agreement shall remain in effect.
14. Entire Agreement. This Agreement including Exhibit A sets forth the entire understanding between the parties.

IN WITNESS WHEREOF, the Town and the Vendor have executed this Agreement on the date above written.

Town of Los Gatos, by:

O. C. McDonald Company, Inc.

Greg Larson, Town Manager

Signature

Recommended by:

**Kevin Rohani, Interim Director of
Parks and Public Works**

Print Name

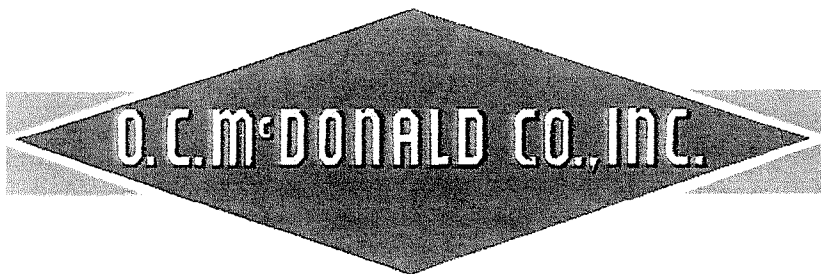
Approved as to Form:

Attest:

Town of Los Gatos, Los Gatos California

Orry P. Korb, Town Attorney

Jackie Rose, Clerk Administrator



State Contractor's License #177271

Mechanical Contractors —

HVAC • Process Piping • Plumbing • Sheet Metal Fabrication

P.O. BOX 26560 • SAN JOSE, CALIFORNIA 95159-6560
1150 W. SAN CARLOS STREET • PHONE (408) 295-2182
FAX # (408) 295-0626

Town of Los Gatos
Attn. Mr. Bruce Smith
41 Miles Avenue
Los Gatos, California 95030

April 15, 2008

Location: 2890 De La Cruz Blvd., Santa Clara.

PROPOSAL

Scope of Work:

Provide and install One (1) 2,000 BTU/hr *Rite Durafin Boiler. Remove and dispose of existing Sterling Boiler. Install new free-standing bladder type expansion tank. Install Air Separator in boiler supply line. Install new chemical pot-feeder. Abandon existing expansion tank in-place.

- All Crane & rigging work during normal business hours.
- Specified units to be removed and replaced during normal business hours.
- Disconnect existing boiler from all utilities and piping. Remove from mechanical room.
- Dispose of existing boiler according to EPA guidelines.
- Police Department will need to make space available for all O.C. McDonald vehicles during the course of this project (2 spaces)
- Gas and water piping will be modified as needed to meet the boiler points of connection.
- Flue piping (10") will be installed to the welded steel rectangular flue in the mechanical Room, just as the existing boiler flue pipe is installed.
- The louver panels in the exterior mechanical room wall will be removed and placed back.
- New expansion tank and pot feeder will be placed near boiler.
- Startup & commissioning during normal business hours.

Exclusions: Overtime, water treatment, piping system cleaning, line voltage power wiring or conduit, asbestos testing or abatement, HVAC system performance analysis.

YOUR NET COST FOR THE ABOVE PROJECT\$47,800.00

By:

Ron Almond

Ron Almond
Service Manager
O.C. McDonald Company
408.295.2182 x 348

By: **Town of Los Gatos**

Sign: _____

Print: _____

P.O. number: _____