



CITY OF COSTA MESA

77 Fair Drive
Costa Mesa, CA 92626

Agenda Report

File #: 25-194

Meeting Date: 3/4/2025

TITLE:

REPLACEMENT OF CHILLER UNITS AT CITY HALL

DEPARTMENT: PUBLIC WORKS DEPARTMENT/GENERAL SERVICES
DIVISION

PRESENTED BY: RAJA SETHURAMAN, PUBLIC WORKS DIRECTOR

CONTACT INFORMATION: PATRICK BAUER, DEPUTY PUBLIC WORKS DIRECTOR, (714)
754-5029

RECOMMENDATION:

Staff recommends the City Council:

1. Authorize the use of Sourcewell's Cooperative Agreement No.070121-SIE with Siemens Industry, Inc.
2. Authorize the purchase of two (2) Trane chillers for \$334,856 from Siemens Industry, Inc., 6141 Katella Ave, Cypress, CA, 90630.
3. Approve an appropriation of \$573,000 in the Capital Improvement Fund (Fund 401) fund balance to purchase the equipment outlined above totaling \$334,856, and provide additional funding for a separate design and installation contract to be brought under separate cover in the future, ensuring sufficient funds are available to complete the project.

BACKGROUND:

City Hall currently has three (3) chillers located in the basement; only one unit is currently operating and performing the air conditioning for the entire City Hall building. The two (2) chillers in need of replacement are unable to perform properly and are severely out of date. It is recommended that the two (2) chillers be replaced to not only improve the environment in City Hall and keep the building cool but also prolong the life of the newly replaced unit and prevent the need for any temporary units during the summer months in the event that the system should fail.

ANALYSIS:

A quote from Siemens Industry Inc. was received for two (2) new chiller units. Due to a long lead time of approximately 24 weeks to receive the equipment, the chillers should be purchased first while the labor for installation goes through the normal bidding process. Purchasing the equipment material through Sourcewell meets all the requirements set forth in the City of Costa Mesa's Purchasing Policy and all requirements set forth by the State of California in regard to regional cooperative

purchasing agreements. This process confirms that the City still receives the lowest available pricing, and meets the competitive bid process requirements. The City has utilized Sourcewell successfully for several previous related purchases.

The Sourcewell quote is included as Attachment 1 and totals \$334,856, which includes all parts, equipment, tax, and delivery to include an extensive lead time of 24 weeks. During this time, the City will follow the procurement process to secure a separate contract for the design and installation of the chiller units at City Hall. The contract is estimated at approximately \$238,000 and will be funded from the Capital Improvement Fund (Fund 401) undesignated fund balance. A separate contract for the design and installation of the chiller units will be procured through the City's procurement process and awarded at a future City Council meeting.

ALTERNATIVES:

The alternative to this Council action would be to advertise the purchase of chillers and related accompanying materials or advertise both the materials and the labor. Staff has determined that following this route will result in a markup from the contractor and extend the time it will take to receive the materials.

FISCAL REVIEW:

The purchase and installation of the two (2) Trane chillers and accompanying equipment is estimated to be \$573,000. There is current available funding in the Fiscal Year 2024-25 Capital Improvement Fund (Fund 401) fund balance in the amount of \$573,000 to cover this expense. This appropriation will provide sufficient funding to purchase the two (2) Trane chillers and accompanying equipment, and a separate contract for the design and installation of such equipment. A future contract will be brought to the City Council for consideration and approval once a qualified vendor for the design and installation is identified. As it takes approximately 24 weeks of lead time to receive the procured equipment, total funding for the project is requested at this time to secure all necessary funding to bring the project to completion.

LEGAL REVIEW:

The City Attorney's Office has reviewed this staff report and approves as to form.

CITY COUNCIL GOALS AND PRIORITIES:

This project works toward achieving the following City Council goals:

- Maintain and enhance the City's facilities.
- Strengthen the public's safety and improve the quality of life.

CONCLUSION:

Staff recommends the City Council:

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