

REJECTION OF BID, IFB NO. S-1195, AND AUTHORIZATION FOR THE DIRECT MANUFACTURER PURCHASE FROM TRANE COMMERCIAL SYSTEMS FOR TWO (2) AIR CONDITIONING CHILLERS (F: 60.4)

It was moved by Council Member Phan, seconded by Council Member Jones that:

Bid IFB No. S-1195 be rejected; and

The City Manager be authorized to direct the purchase of two (2) air conditioning chillers in the amount of \$98,160 from the manufacturer, Trane Commercial Systems.

The motion carried by a 5-0 vote as follows:

Ayes: (5) Beard, Bui, Jones, Nguyen, Phan
Noes: (0) None

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles From: William E. Murray
Dept.: City Manager Dept.: Public Works
Subject: Rejection of Bid, IFB No. S-1195, and authorization for the direct manufacturer purchase from Trane Commercial Systems for two (2) air conditioning chillers. (Cost: \$98,160) (Action Item) Date: 9/27/2016

OBJECTIVE

To secure City Council approval to reject bid IFB No. S-1195, and authorize the direct manufacturer purchase from Trane Commercial Systems for two (2) air conditioning chillers.

BACKGROUND

The Public Works Department Facilities Division is responsible for the maintenance of City buildings. Presently, one of the Public Safety Buildings (Police/Fire Station No. 1) has two air conditioning chillers that have exceeded their useful life cycle and are experiencing a systematic failure that is beyond repair and requires replacement. In addressing the replacement of this vital piece of equipment that impacts operational efficiency, staff completed a formal bidding process, IFB No. S-1195.

DISCUSSION

In July, specifications were prepared and submitted to prospective bidders. In response to the prescribed bidding procedures, one (1) bid was received in August by Harbor Point A/C Control Systems Inc. After opening and reviewing the bid, it was apparent that the price quoted was substantially higher than the manufacturer quote from Trane Commercial Systems and the industry's competitive market pricing. The analysis is shown below:

Trane Commercial Systems City of Industry	\$ 98,160.00
Harbor Point A/C Control Systems Inc.	\$122,468.74

Lake Forest

The manufacturer, Trane Commercial Systems, did not submit a bid due to a distributor conflict prohibiting participation in the bidding process. Under these circumstances, there is an exception for waiving the competitive bid process through utilizing the ability of local governments to purchase directly from a manufacturer. Based on this cost effective option, staff recommends rejecting the bid and awarding the direct manufacturer purchase from Trane Commercial Systems for the procurement of two (2) air conditioning chillers.

FINANCIAL IMPACT

There is no impact to the General Fund. Funds are available in the Fiscal Year 2016/17 Building Maintenance Budget.

RECOMMENDATION

It is recommended that the City Council:

- Reject bid received for IFB No. S-1195; and
- Authorize the City Manager to authorize the direct purchase of two (2) air conditioning chillers from the manufacturer, Trane Commercial Systems.

By: Phillip Carter, Facilities Manager

BID OPENING: Monday, August 22, 2016
Purchasing Agent's Office

IFB NO: S-1195: Provide Two (2) New and Unused Trane Air-Cooled Chillers with Scroll Compressors per bid specifications

BIDDER NAME	AMOUNT OF BID
1. Harbor Pointe A/C Control Systems Inc.	\$ 122,468.74
Lake Forest, CA	
2.	\$
3.	\$
4.	\$
5.	\$
6.	\$
7.	\$
8.	\$
9.	\$
10.	\$

Apparent Low Bidder: Harbor Pointe A/C Control Systems Inc.

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles
Dept.: City Manager
Subject: INCREASE TO PURCHASE PRICE
FOR TWO (2) REPLACEMENT
CHILLERS FOR THE POLICE
DEPARTMENT

From: William E. Murray
Dept.: Public Works
Date: November 3, 2016

OBJECTIVE


To secure authorization to add an additional \$7,853.00 for sales tax for the purchase of replacement chillers for the Police Department.

BACKGROUND

On September 27, 2016, City Council approved the purchase of two replacement chillers for the Police Department from Trane Commercial Systems. The quote given by the manufacturer and approved by the City Council was \$98,160.00, but did not include sales tax. The additional amount required is \$7,853.00 bringing the total required to \$106,113.00.

This amount is still well below the next responsive bidder, Harbor Pointe at \$122,468.74.


William E. Murray
Public Works Director


By: Phillip Carter
Facilities Manager

Approved:
ME
11/4/16