

# STOCKTON CITY COUNCIL

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**RESOLUTION APPROVING FINDINGS JUSTIFYING AN EXCEPTION TO THE COMPETITIVE BIDDING PROCESS TO ALLOW SMG TO CONTRACT WITH AMERICAN CHILLER SERVICE FOR THE REPAIR OF THE HVAC AT THE STOCKTON ARENA; AUTHORIZING A BUDGET AMENDMENT AND TRANSFER OF \$46,036 FROM THE REPAIRS AND IMPROVEMENTS - ARENA, BALL PARK, AND THEATER PROJECT; AUTHORIZING A TRANSFER OF \$5,900 FROM THE 086 ENTERTAINMENT VENUES OPERATING BUDGET TO THE ARENA UPGRADES AND MAINTENANCE PROGRAM PROJECT TO PAY FOR HVAC REPAIRS**

The Stockton Arena opened in 2005; and

On January 25, 2011, the City Council approved a Facilities Management Agreement via Resolution 11-0022 with SMG for the operation and maintenance of four Downtown Entertainment Venues in Stockton; and

In September of 2015, the Variable Fan Drive of Chiller #1 at Stockton Arena failed; and

With the failure of Chiller #1, #2 is now left to run as the sole cooling unit for the Arena, eliminating any building cooling redundancy; and

Timing was not ideal to complete the repair in the midst of the hockey season, however now that the season has ended and as the hot summer months approach, this is the appropriate time to complete the rebuild; and

Continuing to run without cooling redundancy lowers the energy efficiency, makes it difficult to maintain temperatures especially during periods of summer heat, and places undue strain on the functioning equipment; and

Failing to complete the needed repair will leave the Arena without any cooling capability, should the existing chiller have any load or mechanical issues; and

The City Council-approved Facilities Management Agreement gives SMG the duty and responsibility to negotiate, execute, and perform all contracts/use agreements for operation of the facility; select and coordinate maintenance; and enter into material contracts with City approval; and

It is the City's responsibility to exercise oversight and review internal controls when large expenditures for repairs and capital projects are planned at the entertainment venues; and

It is expected that SMG will follow a competitive process in line with City purchasing requirements and the city's Economic Development and SMG facility staff work cooperatively throughout the Capital Improvement Plan process from project proposal through bidding and completion; and

Given the knowledge of the equipment and system by American Chiller Services and its ability to complete repairs, staff recommends that an exception to the competitive bidding process be granted; now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The City Council hereby approves an exception to the competitive bidding process to allow SMG to enter into a contract with American Chiller Services (ACS) in the amount of \$87,500 for the rebuild and repair of one of the two chillers at the Stockton Arena based on the following findings:

a. SMG has a duty and obligation to manage the facility and enter into material contracts with City oversight approval;

b. SMG conducted a competitive process to establish a maintenance agreement with ACS pursuant to the Management Agreement;

c. ACS currently holds warranties for repairs completed last year which will be void if work is conducted by another vendor;

d. It is prudent to move forward with necessary repairs to avoid complete HVAC system failure, to avoid unnecessary wear and tear and to manage utility and staffing costs; and

e. ACS has unique knowledge, expertise, and availability to complete the necessary repairs.

2. The City Council hereby authorizes a budget amendment and transfer of \$46,036 from the Repairs and Improvements - Arena, Ball Park, and Theater (PW1319) account number 301-3091-640 in the 301 General Capital Fund and \$5,900 from the FY 2015-16 Entertainment Venues operating budget account number 086-1711-510 to the Arena Upgrades and Maintenance Program project (ED8601) account number 086-3020-640 to pay for repairs.

3. The City Manager, or his designee, is hereby authorized to take all necessary and appropriate actions to carry out the purpose and intent of this Resolution.

PASSED, APPROVED and ADOPTED May 24, 2016.

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ANTHONY SILVA  
Mayor of the City of Stockton

ATTEST:

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BONNIE PAIGE  
City Clerk of the City of Stockton