



MEMORANDUM

To: California State Lottery Commission **Date:** November 1, 2006

From: Joan M. Borucki
Acting Director

Prepared by: Patricia Eberhart, Director
Finance and Administration Division

Subject: Item 9(a) – Approval of Contract Award with Honeywell International for Heating, Ventilation and Air Conditioning (HVAC) Maintenance

ISSUE

Should the California State Lottery Commission (Commission) approve a contract award to Honeywell International for HVAC maintenance?

RECOMMENDATION

California State Lottery (Lottery) staff recommends that the Commission approve the contract award to Honeywell International to provide preventative maintenance and remedial repair for HVAC units for three years starting December 1, 2006 and ending November 30, 2009, with the option to extend up to two additional years. The total contract expenditure authority is not to exceed \$300,000 for the three-year period. The contract is not a guaranteed amount, but a maximum amount to be used for actual expenses on an as needed basis.

BACKGROUND

The Facilities Operations Department conducted a Bid Solicitation Process to establish a contract for continuing HVAC Maintenance services to maintain the Lottery Headquarters HVAC systems. Most equipment was installed between December 1985 - January 2003 and has been continually maintained according to manufacturer's specifications. Several of the units are currently covered under an extended ten-year warranty through Equigard. The successful contractor will be taking over the existing warranty and will provide scheduled maintenance services and remedial services not covered under the warranty program. The units not

covered under the Equigard Warranty will need coverage for remedial services, guaranteed services, and preventative maintenance.

DISCUSSION

On July 17, 2006, Invitation for Bid (IFB) #3076 HVAC Maintenance was issued. A letter of interest was mailed to approximately 35 potential bidders from Contract and Procurement Services Section (CPSS) Vendor Database and the IFB was posted on the Lottery's web site. On July 25, 2006, a Mandatory Job Site and Equipment Walk-Through tour was conducted. Four individuals representing three companies participated in the walk-through.

A total of three responses were received by the August 7, 2006, 3:00 p.m. PST deadline from the following companies, in alphabetical order:

- ACCO Engineered Systems, Inc.
- Honeywell International
- Indoor Environmental Services

A fourth bid from Liebert Global Services (LGS) was received via fax and was not accepted since the IFB stipulated the Lottery would not accept electronic or fax responses and LGS was not represented at the Mandatory Walk-Through. The evaluation was based on 100% price with Small Business Preference (SBP) calculated, if applicable.

On August 8, 2006, the Evaluation Team convened to conduct the Mandatory and Price Evaluations. All three bidders passed Mandatory Evaluations. Since no bidders submitted for small business, SBP calculations did not apply. Following are the results, listed in alphabetical order:

<u>Bidder</u>	<u>Total Monthly Maintenance Price</u>
1. ACCO Engineered Systems, Inc.	\$ 8,700.00
2. Honeywell International	\$ 6,728.36
3. Indoor Environmental Services	\$28,572.00

The Lottery's Acting Director approved exempting this solicitation from mandatory disclosure requirements based on the services being common to the ordinary operations of state agencies per Government Code section 8880.57 and the Lottery's Competitive Bidding Procedures. However, any direct service personnel will be required to submit personal disclosure documents and be fingerprinted for background investigations.

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On August 14, 2006, Honeywell International was announced as the apparent successful bidder. The Lottery received no protests to the announcement of Honeywell International as the apparent successful bidder. The three-year contract has an option to extend for two additional years. The contract is scheduled to begin December 1, 2006, with a total contract expenditure authority of \$300,000.