



M E M O R A N D U M

Date: October 22, 2009

To: California State Lottery Commission

From: Joan M. Borucki
Director

Prepared By: Terry Murphy, Deputy Director
Operations Division

Subject: Item 9(c) - Extend Term and Add Funds to Honeywell International
Contract for HVAC Maintenance and Repair

ISSUE

Should the California State Lottery Commission (Commission) approve an amendment to the Honeywell International contract to extend the term for two years, and increase the contract expenditure authority by \$185,000 for a total expenditure authority of \$507,000?

RECOMMENDATION

California State Lottery (Lottery) staff recommends that the Commission approve an amendment to the Honeywell International contract to extend this contract for two years. To accommodate this extension, staff recommends that the Commission approve an additional expenditure authority of \$185,000 for a total contract expenditure authority of \$507,000.

BACKGROUND

On November 1, 2006, as the result of a formal, competitive solicitation, the Commission awarded Honeywell International a three-year contract to provide scheduled maintenance and remedial repair services for the Lottery's Heating, Ventilation and Air Conditioning (HVAC) systems with the option to extend up to two additional years. The contract began on December 1, 2006, and will expire on November 30, 2009. The contract was amended on July 25, 2008 to include the newly purchased Northern Distribution Center's twelve HVAC units and to increase funds \$22,000 to cover the additional units.

DISCUSSION

The original contract term was for three years, with an option to extend up to two additional years if the Lottery was satisfied with services, cost, and overall contractor performance.

Honeywell International provides scheduled maintenance and remedial repair services for the Lottery's HVAC systems, energy management systems controller, and related equipment located at Lottery Headquarters, Northern Distribution Center and Sacramento District Office. During the three years Honeywell International has provided maintenance on the HVAC systems the Lottery has experienced a significant decline in HVAC downtime and cold/hot calls. Their commitment to detail and thorough service during scheduled maintenance has allowed for this reduction.

Based on Honeywell International's favorable pricing proposal and its satisfactory performance to date, staff recommends that the Lottery exercise the available contract extension. The extension will require an additional expenditure authority of \$185,000. With the two-year extension, the new contract expiration date will be November 30, 2011, with a total expenditure authority of \$507,000.