

**Shall the Authority Authorize the HCDA Interim Executive Director to:  
(1) Enter Into a Three (3) Year Contract With an Option to Extend for an  
Additional 12-Month or 24-Month Period for Air Conditioning Repair and  
Monthly Maintenance Services for the HCDA's Offices located at 547  
Queen Street, Honolulu, Hawaii, and (2) Fund Such Contract Using  
Monies from the HCDA's Revolving Funds, Leasing and Management  
Subaccount?**

**HCDA Staff Report**

March 2, 2016

**Background:** On March 13, 2015, the Hawaii Community Development Authority ("HCDA") relocated its offices to the American Brewery Building ("ABB") located at 547 Queen Street, (consisting of approximately 11,738 square feet). The HCDA had previously leased office space (approximately 8,383 square feet office space) from the Kamehameha Schools at 461 Cooke Street). While leasing the office space at 461 Cooke Street, the HCDA had entered into a contract for air conditioning units which included monthly maintenance and repair services (of the air conditioning units).

HCDA Staff anticipates that air conditioning maintenance and repair costs at ABB will be higher than the costs for similar services at the prior 461 Cooke Street, office location based on the current staff occupancy and uses of the multi-story (5 floors) building. Each of the five floors has a separate dedicated air conditioning unit, air handler, control panels, emergency shut off valves and ventilation. The former HCDA offices at 461 Cooke Street had two (2) air conditioning units. Additionally, due to the age and historical features of the building, the window treatments are purely aesthetic and are otherwise not functional.

Due to the terms and conditions of the settlement of a dispute between the State of Hawaii and the United Public Workers (UPW) Local the exclusive bargaining representative for Unit 1 (BU1) employees whose membership consists of "Air Conditioning Mechanics", all Hawaii State agencies who intend to employ non-UPW BU1 employees to perform work similar to that performed by UPW BU1 employees, are required to obtain an exemption. The HCDA, in addition to other Hawaii state agencies which are not currently serviced by the Hawaii State Department of Accounting and General Services ("DAGS"), were notified by letter dated October 14, 2015, that DAGS is unable to provide building maintenance and air conditioning services due to staffing and resource shortages. (See Exhibit A).

The ABB is the HCDA's permanent office location, timely and regular maintenance and service of the building's air conditioning units is a necessary cost and prudent investment in order to avoid expensive repairs in the future. Additionally, the HCDA does not have

qualified in-house facilities maintenance personnel who are able to maintain, operate and repair these air conditioning units. Accordingly procurement of these services is necessary.

HCDA Staff plans to issue an Invitation for Bids (“IFB”) for Air Conditioning and Ventilating Equipment Maintenance Services for an initial three year or thirty-six (36) month period with two additional twelve (12) month options to extend as provided via the Hawaii Electronic Procurement System (“HiePRO”). The scope of services under this solicitation would include:

- A. Air Conditioning Service, including but not limited to:
  - 1) Cleaning and clearing all drip pans and flushing of all related condensate drain lines.
  - 2) Monthly or Bi-Monthly replacement of all existing disposable air filters.
  - 3) Lubrication and oiling of all fan and motor bearings and connections of dampers and vanes and inspection of controls to insure proper operation.
  - 4) Inspection of all drives for wear; adjustment of belt tension.
  - 5) Operate equipment to check for proper operation, unusual noise and/or vibration; adjustment and/or repair of all equipment and controls as required; cleaning of all equipment.
  - 6) Inspection of time clock for proper operation and time settings.
  - 7) Check CO2 (carbon dioxide) monitoring systems; repair/replace items as required to keep systems operating safely and properly.
  - 8) Provide Certify performance of monthly service and that all discrepancies are reported and corrected.
  - 9) Adjust alignment of bearings and sheaves; lubricate fan and motor bearings. Replace work or sheaves.
  - 10) Check pressure and temperature differential across cooling coils and log air and water readings.
  - 11) Clean strainers, check vents and drains on chilled water coils.
  - 12) Clean supply and return air grilles, registers and diffusers, fresh air intake grilles and dampers, and repair/replace deteriorated bird/insect screens.
  - 13) Clean and adjust water control valve; clean all fan wheels and interior and exterior of equipment housings.
  - 14) Secure all loose housing, seal leaks and touch-up paint after cleaning all rust.
  - 15) Check and calibrate all pneumatic and/or electric temperature controls.
  - 16) Check and record intake and outake chiller water and condenser water temperatures and pressures in maintenance log.
  - 17) Check and record head pressure, oil pressure and system pressure; check oil heater.
  - 18) Check oil pump operation; service purge compressor and purge system. Manually rotate chillers as required.
  - 19) Check for refrigerant and oil leakage; recharge system.
  - 20) Adjust chilled water temperature setting in accordance with seasonal environmental changes.
  - 21) Check/adjust/calibrate the oxygen/refrigerant monitor and alarm system.
  - 22) Certify monthly performance of chiller operation and maintenance service and correct and report all discrepancies.

- 23) Check chiller response at various load conditions for proper operation and calibration of capacity control system.
  - 24) Check safety controls and purge controls; record settings.
  - 25) Certify performance of quarterly service and correct and report all discrepancies.
  - 26) Remove heads of condenser and internally brush tubes at the associated cooling tower.
  - 27) Perform pressure tests to detect refrigerant leaks.
  - 28) Check condition of insulation and initiate necessary follow up repair or replacement as necessary.
- B. Repair, maintenance, and replacement of various equipment (including specifically: Air handling/fan coil unit, Centrifugal/Chiller, Cooling Tower, Ventilating Fans, Pumps, Temperature and Pneumatic Controls, Packaged Water Chiller, Reciprocating Compressor, Air Cooled Condenser, Control Switches and Time Clocks, Valves and Condenser Water Lines Equipment and Supports, Water Treatment Service), and clean Mechanical Equipment.
- C. Perform monthly inspections and keep all air conditioning units in good (leak-free) and working condition, including but not limited to, air conditioning units, belts, vents, valves, condensers, water lines, and sheaves.
- D. Troubleshoot system as needed.

The contract's scope of services requires the Contractor to maintain the Air Conditioning System in good condition and make all necessary repairs, in addition to identifying any major repairs. The contract would also include a reservation of right by HCDA to purchase its own materials should the HCDA not agree on the costs of materials and assess the contractor for the differential.

This proposed contract also provides for a "repair allowance" funded by HCDA in the amount of \$30,000 per year. Services performed by the contractor under this repair allowance are subject to prior written approval by HCDA prior to disbursement of payment from this dedicated allowance. Eligible work under this allowance may include, hourly work performed by licensed and qualified air conditioning mechanics, licensed and qualified plumbers, licensed and qualified electricians, emergency work, after-hours work, or work done by others to fulfill the scope of this contract, and may include repair material and replacement parts such as: belts, filters, refrigerant, oil, bearings, sheaves, chillers, compressors, paint. The Contractor shall also be required to provide appropriate invoices properly documenting all labor charges for any and all requests for payment under this repair allowance.

**Discussion:** The HCDA relocated its office from 461 Cooke Street to the American Brewery Building (ABB) in March 2015. The ABB air conditioning system was installed by HCDA's Contractor, Close Construction, and has been under a limited warranty. The limited

warranty, which expires in nine days (on March 12, 2016), consists of repair or replacement due to defects of materials or workmanship. Design defects/design issues, leaks, flooding or electrical burnouts that are not specifically caused by defective materials or workmanship are not covered by the warranty.

**No Option Other Than to Procure Services:** In December 2014, HCDA staff requested that DAGS' Central Services Division ("CSD") add the ABB to the list of state facilities it oversees. CSD is responsible for planning, coordinating, organizing, directing and controlling a variety of centralized services, including maintenance and repair of state buildings and facilities; custodial services in state public buildings and health centers, and grounds maintenance and beautification projects at approximately 164 state facilities. CSD notified HCDA that it did not have the budget or staff to add another facility to its existing list of facilities for repair and maintenance or janitorial services. On October 14, 2015, Douglas Murdock, State of Hawaii Comptroller, notified all Hawaii State Department Directors that DAGS no longer has jurisdiction over State buildings or facilities that are not currently maintained by DAGS. The State Comptroller further stated that DAGS does not have the staffing and resources to provide additional Bargaining Unit 1 type of services. In November 2015, HCDA staff requested that the Hawaii State Department of Human Resources Development ("DHRD") approve an exemption from the UPW requirement. DHRD conditionally approved this request on January 21, 2016, and indicated that HCDA must work with other state departments or seek relief from the State Legislature to facilitate performance of the specific work needed by state civil service employees.

**Recommendation:** HCDA Staff recommends approval of the request to authorize the HCDA's Interim Executive Director to Enter Into a Three (3) Year Contract Including Two (2) Twelve (12) Month Options to Extend for Air Conditioning Repair and Maintenance Services for the HCDA's Offices located at 547 Queen Street, Using Funds from the HCDA's Revolving Funds, Leasing and Management Subaccount.

The HCDA will award the contract to the lowest responsive and responsible qualified bidder. As DAGS will not provide the needed maintenance and repair services, and as existing HCDA Staff does not possess the technical qualifications, training and expertise to perform such services, the air conditioning maintenance and repair service contract is necessary.