

MEMO

**Consent
Item #: 5.i**



Meeting Date: June 21, 2024

To: Board of Directors
From: Director of Engineering and Compliance, David Ramirez
and Construction Project Manager, Johny Van Dyke
Approved by: General Manager, Felipe Melchor

Subject: Approve Construction Contract Electrifying HVAC Equipment in Administration and Maintenance Shop

RECOMMENDATION: That the Board authorize the General Manager to execute a public works construction contract with Della Mora Heating Sheetmetal and Air Conditioning, Inc. of Marina, CA (#696294) to remove the existing gas HVAC equipment in the Administration Building and the Maintenance Shop, replacing it with new all electric equipment for the not-to-exceed amount of \$275,000 (includes ~10% contingency) and approve a construction contract with Collins Electrical Company Inc. of Stockton, CA (#115427) to complete necessary electrical work in order to connect all new equipment installed for the not-to-exceed amount of \$30,000 (includes ~10% contingency).

BACKGROUND

In January of 2021, PG&E contacted District Staff and proposed to pay MRWMD to replace the existing natural gas fueled appliances on site with electrically powered appliances. In return, PG&E would eliminate the natural gas service to the buildings on the MRWMD site. PG&E's proposal is limited to the small service in the Administration campus area and does not include the separate, medium service natural gas supply to MRWMD's onsite CNG Fueling Station. PG&E's interest in performing this work was to eliminate the cost of long-term maintenance required on the small natural gas service that is directly connected to a main transmission pipeline. A service that generates minimal revenue for the utility company and complicates safe operations of a main transmission pipeline. MRWMD considered the proposal and determined its costs and feasibility. The proposal aligned with the state's goal for electrification and the District's general practice to reduce or eliminate emissions from its operations when it is feasible to do so and does not negatively impact District services.

Currently two buildings receive natural gas service: the Administration Building and the Maintenance Shop. The Administration Building has both a natural gas-powered heating system and water heater. The Maintenance Shop has a natural gas-powered heating system as well as a defunct hydronic heating system.

To assess PG&E's proposal to terminate the natural gas service, MRWMD hired an electrical engineering consultant (Fehr Engineering) and a mechanical engineering consultant (Axiom

Physical Address

14201 Del Monte Blvd.
Salinas, CA 93908

Mailing Address

P.O. Box 1670
Marina, CA 93933

Phone / Fax

831-384-5313 PHONE
831-384-3567 FAX

Web / Social

ReGenMonterey.org
@ReGenMonterey

Let's not waste this.



Engineers) to perform an investigation and a preliminary design. The design included the following:

- Replacement of HVAC units and water heater at the Administration Building
- Replacement of HVAC units in the Maintenance Shop.

Based on the preliminary design, MRWMD obtained budget estimates for conversion to electric appliances and came up with a preliminary budget cost for the replacements of approximately \$280,000. The preliminary design and planning costs for consultants were approximately \$20,000. While there will be some additional costs to finalize the design, obtain a Building Permit, most of the costs for this project are projected to be covered by the offer amount provided by PG&E of \$300,000.

In April of 2022, the Board authorized MRWMD staff to proceed with the agreement with PG&E and secure plans and cost proposals for this work.

The improvements described herein have been permitted by Monterey County Building Department and were recently publicly advertised for solicitation of public works construction bids through the Monterey County Builder's Exchange.

DISCUSSION

There are numerous benefits to MRWMD by making the change to electric appliances which include improvements in electrical capacity, environmental health & safety including the following:

- Liability and risk reduction associated with small service natural gas supply onsite
- Reduction of natural gas combustion emissions
- Reduction of post-earthquake explosion and fire risk
- Utilization of the renewable electricity generated onsite
- Reduction of the natural gas utility service costs paid to PG&E
- Net increase in electrical capacity at the Administration Building, Last Chance Mercantile and Shop

The buyout proposal from PG&E provided \$300,000 to cover the cost of the appliance conversion.

The electrification of all MRWMD HVAC equipment includes the following:

1. Remove and Replace three (3) indoor air handling units and two (2) rooftop packages @ the Administration Building
2. Remove and Replace one (1) domestic water heater @ the Administration Building.
3. Remove and Replace one (1) indoor air handling unit and three (3) hydronic air handling units @ the Maintenance Shop.



4. Remove and Replace two (2) exhaust fans @ the Maintenance Shop.

Bids were publicly advertised through the Monterey County Builder's Exchange. Bidder's were invited to participate in a site visit for a more thorough investigation prior to submitting bids. There were five (5) contractors who individually made a site visit. Bids were received for this project from two HVAC Contractors and one Electrical Contractor as of May 24th, 2024. Two HVAC contractors offered "no bid" responses. The bid results are presented in the table below.

Name	Price
Blocka Construction, Inc. Pleasanton, CA	<i>NO BID</i>
Gavilan Mechanical, Inc. Hollister, CA	<i>NO BID</i>
Malibu Heating and Air, Inc. Gilroy, CA	\$271,636
Della Mora Heating Sheetmetal and Air Conditioning, Inc. Marina, CA	\$242,783 Plus \$4,789 for W/H in Admin. Total \$247,572
Collins Electrical Company, Stockton, CA	\$30,000

FINANCIAL IMPACT

This work is being performed under the agreement provided by PG&E to the District for the termination of natural gas service which included a onetime payment of \$300,000 to cover the cost of design, materials, and construction. The District has already received payment of this amount.

CONCLUSION

The termination of natural gas service and adoption of electrically powered appliances for the Administration Building and the Maintenance Shop will have multiple benefits to the District. This includes the use of District renewable energy to replace natural gas combustion, environmental health and safety improvements. Staff therefore recommends that the Board authorize the GM to execute a public works construction contract with Della Mora Heating Sheetmetal and Air



Conditioning, Inc. of Marina, CA (#696294) to remove the existing gas HVAC equipment in the Administration Building and the Maintenance Shop, replacing it with new all electric equipment for the not-to-exceed amount of \$275,000 (includes ~10% contingency) and approve a construction contract with Collins Electrical Company Inc. of Stockton, CA (#115427) to complete necessary electrical work in order to connect all new equipment installed for the not-to-exceed amount of \$30,000 (includes ~10% contingency).