

## **Tulare Local Healthcare District dba Tulare Regional Medical Center**

### **Agenda Item**

#### **Board Meeting Date:**

October 24, 2018

#### **Title to Appear on Agenda:**

Approval of proposed Drake chiller project development agreement (\$15K) and installation avenue. Estimated cost of Drake Chiller equipment and Installation is \$250,000.

#### **Brief Description:**

Replacement of the Drake chiller that supplies cooling for the 50's building. This includes MS-1, MS-2, Pharmacy, Basement, OR's.

#### **Background and Details:**

The district has recently signed agreements with New England Sheet Metal to replace equipment noted in phase II of an OSHPD project and will that work will commence early December.

1. Recent chain of events we have discovered that the Drake chiller is inoperable and cannot be repaired and is needed during the warmer months. This unit must be in operation and able to be utilized during the summer months or any day that would be over 80 degrees.
2. We believe it is in our best interest to incorporate this new project in phase II of our existing OSHPD project. If we do not, we will be at risk of meeting the summer deadline and providing cool air to the above-mentioned areas of the hospital.
3. Going through the normal bidding process will put us past the summer deadline and put patient comfort and pharmacy at risk.

4. If we go to bid, we will have to engage a mechanical, structural and electrical engineering consultant to develop the project and get it approved through OSHPD. Once that is completed, you would be able to go to competitive bid. Once the district approved the competitive bid, you would be able to order the equipment and begin the project. Equipment lead time is 8 to 12 weeks once the order is made.
5. We believe the total construction time if we do not utilize our existing phase II project will be 8 to 12 months.

**Exhibits:** Project Development Agreement.

**Recommended Action:**

Enter into a project development agreement with New England Sheet Metal and utilize their existing phase II OSHPD project to execute this order once the final proposal has been executed by the District. Authorize estimated \$250,000 expenditure for Drake Chiller Acquisition and Installation.



2731 S. Cherry Ave  
Fresno, CA 93706  
(559) 268-7375  
www.nesm.com

## PROJECT DEVELOPMENT AGREEMENT (PDA)

This Agreement is made this 19th day of October in the year 2018, by and between the

### OWNER

Tulare Regional Medical Center ~~4015 Adams~~  
869 N Cherry St.  
Tulare, CA 93274

*and the*

### DESIGN-BUILDER

New England Sheet Metal and Mechanical Co.  
2731 S. Cherry Ave.  
Fresno, CA 93706

*for the*

### PROJECT

Provide a complete mechanical, structural and electrical engineering plan to replace the two chillers on the roof of the second floor, outside the mechanical penthouse.

#### 1.0 General Provisions

The Design-Builder is hereby authorized to proceed with the necessary development services as outlined below. Work under this Agreement should commence immediately and be completed under the consultation with the Owner in a manner intended to facilitate effective and efficient development of the project. No other work is authorized without written permission from the Owner. Upon completion of this Agreement a formal contract for design-build services will be forwarded for signature in accordance with Section 10 below.

#### 1.1 Team Relationship

The Owner and Design-Builder agree to work together on the basis of trust, good faith and fair dealing, and shall take actions reasonably necessary to enable each other to perform their obligations under this Agreement in a timely, efficient and economical manner.

#### 1.2 Confidentiality

The Owner and Design-Builder shall treat as confidential and not disclose to any third parties, except as is necessary for the performance of the Services, or use for its own benefit, any of the Owner's, Owner's Consultants', Design-Builder's, or Design-Builder's Subcontractor's developments, confidential information, know-how, estimating systems, historical and parameter cost data, discoveries, production methods and the

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like that may be disclosed to one another or that may be acquired in connection with the Services or the performance of this Agreement.

## **2.0 Design-Builder's Responsibilities**

### **2.1 Project Development Services**

The Design-Builder's Services are indicated below. As applicable, the Design-Builder shall coordinate its services with all services of other consultants and subcontractors that may be retained by the Owner. The Design-Builder shall identify in writing any material changes and/or deviations, if any, that it makes to any of the deliverables described below after it first delivers the same to the Owner. These services shall be performed in accordance with the schedule established by the Design-Builder.

### **2.2 Scope of Services**

- Perform an engineering-based study to determine best options for replacement equipment and electrical routing.
- Coordinate mechanical and electrical requirements for the new chillers on the roof.
- Coordinate with the electrical engineer for completion of this design package.
- Provide structural engineering for the replacement chiller and any structural/seismic requirements needed for the new machine
- Present the design concept to the Hospital for approval.
- Develop a construction cost proposal for the project design. The design fees presented in this proposal will be included in the project costs, presented at the completion of design. If the owner moves ahead into construction, the design costs will be part of the construction costs and will not require a separate payment. If the project does not move into construction by New England Sheet Metal and Mechanical, the fees will be due and payable.
- Prepare a mechanical, structural and electrical systems design for the new chillers, present to OSHPD for review and approval.
- Include mechanical, structural and electrical plan revisions as required to gain OSHPD approval.

Exclusions:

- OSHPD fees.
- IOR, Inspection and Testing Fees.

### **2.3 Schedule**

The Scope of Services outlined in Scope of services, above will take approximately 6 weeks to complete the chiller selection and design drawings for customer presentation.

### **2.4 Hazardous Material**

If hazardous, or similarly classified, material is encountered and affects the investigative process, Design-Builder shall suspend development operations as necessary and provide observations to the Owner so that the Owner can determine the nature and extent of such conditions. This will be considered extra work for the Design-Builder. There is known asbestos in the work area, so this must be remediated by the owner, at the owner's expense prior to any work commencing.

### **2.5 Design-Builder's Authorized Representative**

The Design-Builder's representatives are **Ray Kutka, Matt Grabowski and Mike Hensley**

### **3.0 Owner's Responsibilities**

#### **3.1 Project Development Support Services**

The Owner shall provide the Design-Builder with such decisions and information related to the Project as may be requested from time to time.

#### **3.2 Owner's Authorized Representative**

The Owner's representative is                     

#### **4.0 Compensation**

For the scope of services provided under this Agreement, the Owner shall compensate the Design-Builder by paying in full any submitted monthly invoices. The amount of Design-Builder compensated services under this agreement shall be:

Fifteen Thousand Dollars (\$15,000.00)

#### **4.1 Design-Builder's Invoice and Owner's Payment**

The Parties agree that the Owner's payment of the Design-Builder's invoice is not tied to or dependent on the Owner receiving payment (partial or full) from any third party or finalization of any claim with a third party. The payment for any and all services rendered by the Design-Builder is immediately due based upon the terms contained herein with no other agreement or interpretation otherwise. On or about the first day of each month after the execution hereof, Design-Builder shall submit a Design-Builder's Invoice to Owner for the services rendered under this Agreement through the end of the Prior Month. Upon Owner review for five (5) calendar days, all payments shall be due net fifteen (15) calendar days thereafter. Overdue payment obligations shall bear interest from the date due until the date paid at a rate per annum equal to the Wall Street Journal Prime Rate in effect from time to time plus four percent (4%).

#### **5.0 Termination**

This Agreement shall continue until **Dec 1, 2018** unless earlier terminated by either the Design-Builder or Owner by reason of the Project's infeasibility with written notice to either party. Any amounts owed will be promptly paid by Owner to Design-Builder.

#### **6.0 Governing Law**

California law shall govern this Agreement.

#### **7.0 Future Design-Build Agreement**

This agreement is intended to be used as a preliminary step in developing a Contract between the Owner and the Design-Builder for design and construction of the Project. Upon execution of this Project Development Agreement, the Owner and Design-Builder agree to enter into good-faith contract negotiations for future Design-Build Services.

#### **7.1 Work Product**

Any use of the Work Product is at the Owner's sole risk without liability or legal exposure to Design-Builder or anyone working by or through the Design-Builder (all those collectively known as "Indemnified Parties"). Owner shall defend and hold harmless the Indemnified Parties from any and all claims, damages, liabilities, loss and expenses, including attorneys' fees, arising out of or from the use of the Work Product.

**8.0 Exclusive Relationship**

During the term of this Agreement, neither the Design-Builder nor Owner shall enter into, negotiate toward, or take any other action in furtherance of entering into, or assisting another to enter into, any agreement for provision of the services or equipment to be provided by any party listed herein.

**This Agreement is entered into by the authorized individuals for the California Corporations listed below.**

**OWNER:**

**Tulare Regional Medical Center**

BY: \_\_\_\_\_

PRINT NAME: \_\_\_\_\_

PRINT TITLE: \_\_\_\_\_

**DESIGN-BUILDER:**

**NEW ENGLAND SHEET METAL AND MECHANICAL CO.**

BY: Matt Cziborowski

PRINT NAME: Matt Cziborowski

PRINT TITLE: Sales Manager