



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Arturo Vela, Acting City Manager

PREPARED BY: Nate Smith, Deputy Director of Public Works/City Engineer

MEETING DATE: August 26, 2025

SUBJECT: Approve Amendment No. 1 to the Purchase Order with Coutts Heating and Cooling, Inc of Corona, California for As-Needed HVAC Services for City of Banning Facilities in the Amount of \$12,000 for a Total Purchase Order of \$37,000

RECOMMENDATION:

Approve Amendment No. 1 to the purchase order with Coutts Heating and Cooling, Inc.

BACKGROUND:

The Building Maintenance Division is tasked with and responsible for essential building and system services, including maintenance of the Citywide Heating, Ventilation, and Air Conditioning (HVAC) systems. As-needed services are contracted out to an HVAC specialist when the systems are in need of repair, or suffer a failure that requires servicing. For these services, the City has utilized Coutts Heating and Cooling "Coutts".

Coutts was issued a purchase order for \$25,000 in July 2024 for the 24/25 fiscal year, expiring on 6/30/25. The purchase order limits any single items to not exceed \$5,000. Any single cost over that amount is subject to separate CUPCCAA purchasing requirements.

Due to many factors, including delay in invoice issuance, staff outages, and staff shortages, there were several calls for as-needed services that were delayed in processing, and in summation exceed the authorized amount in the PO that were received after July 1 2025 for services provided between the end of March 2024 and the middle of June 2024. In total, there are 6 invoices for \$11,547.37. The remaining available balance on the PO is \$768.49, leaving a deficit of \$10,778.88. As such, the request of Council is to authorize Amendment No. 1 for an additional \$12,000 on the PO.

Prior to this request, City staff has requested all outstanding invoices from Coutts to ensure there are no additional expenses on the PO for FY24/25. After the outstanding invoices are paid, the PO can be closed and remaining authorized funds would remain unspent.

JUSTIFICATION:

HVAC is a necessary facility function to ensure safe work environments for City staff. The unpredictable nature of HVAC failures, especially into the spring and summer seasons, makes estimating actual needs challenging.

To address this concern in the future, Public Works Staff, in cooperation with Purchasing Staff, will

implement the following changes to past practices:

1. Refresh staff on purchasing policy (B-30) and potential consequences when not adhered to
2. Solicit bids to establish a 5-year contract (2 years with optional 1-year extensions), subject to City Council approval with annual PO limits above \$25,000 and a cumulative limit for the 5-year contract period.
3. Issue a partial year PO for FY25/26 at reduced limits (\$12,500) to allow for a contract to be solicited and approved by City Council.

FISCAL IMPACT:

There is sufficient budget to fund Amendment No. 1 to the Cousts Purchase Order in the approved Building Maintenance budget for Fiscal Year 2024/2025.

ALTERNATIVES:

Reject Amendment No. 1, which would prohibit the City from paying the service provider for services that were already rendered to the City.

BUDGETED?:

Yes

CONTRACT/AGREEMENT:

Yes