



# New Jersey School Boards Association

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## **REVISED**

### **AGENDA ITEM NO. XI (A)**

#### **BOARD OF DIRECTORS**

#### **For Meeting of May 19, 2017**

**FOR:**            **ACTION**

   **DISCUSSION**

**FROM:**     **DR. LAWRENCE S. FEINSOD, EXECUTIVE DIRECTOR**

**SUBJECT:**   **PURCHASE/INSTALLATION OF MAJOR HVAC COMPONENT**

Background: In 2010, NJSBA completed renovation of the Headquarters building at 413 West State Street in Trenton. The project was overseen by a 12-member Headquarters Redevelopment Committee, consisting of the Officers, four members of the Board of Directors and three local school board members with professional experience in the areas of construction and building design. The renovation resulted in the reconstruction/redesign of the building's interior and major improvements to its exterior.

During the project, it was agreed that the chiller, a major component of air conditioning systems in commercial structures, did not need to be replaced. (A chiller removes heat using vapor-compression and refrigeration.) At the time, the chiller was approximately 13 years old and had significant life remaining.

However, now that it is more than 20 years old, the chiller has exceeded its life expectancy, and it is in the Association's financial and operational interests to replace the unit.

- Due to its age, the current chiller will be more prone to malfunctions, which would require costly repairs.
- Such malfunctions could result in extended periods when the Headquarters building cannot be used because of restrictions under PEOSHA.
- The refrigerant (R22) used in the current chiller is no longer available for purchase because of environmental regulations. Although the refrigerant can be recycled, if our air conditioning system required a complete recharge, we would not be able to secure the R22 necessary to operate the chiller.

To advise us on the replacement of the current chiller, NJSBA secured the services of Whitman Engineering of Cranbury, which is licensed in 20 states, at a fee of \$8,600. Whitman designed specifications for a new chiller. These specifications became part of a Request for Proposals issued in April and sent directly to nine vendors/manufacturers.

NJSBA received two bids and selected PJM Mechanical Contractors, Inc., of Ewing, pending Board of Directors approval of project funding. PJM estimates the cost of purchasing and installing the new chiller at \$200,000, the lower of the two bids. Based on previous experience, we believe it would also be prudent to set aside an additional \$25,000 for possible contingencies and change orders. The work would begin this fall.

Current financial projections show that NJSBA can appropriate the necessary funds from its free balance and still maintain the level (four to six months of operating expenses) recommended by our independent auditor.

Recommendation: I recommend that the Board of Directors approve the appropriation of \$225,000 for the purchase and renovation of a new chiller (\$200,000) and possible contingencies and change orders (\$25,000). The funds would be allocated from free balance.