



February 10, 2026

TO:	Capitol Area Development Authority (CADA) Board of Directors
SUBJECT:	February 20, 2026 Board Meeting AGENDA ITEM 5 SUSPENSION OF FORMAL BIDDING AND APPROVAL OF CONTRACT WITH EMCOR SERVICES FOR THE HVAC REPLACEMENT PROJECT AT 1515 8TH STREET (YMCA/CAPITAL ATHLETIC CLUB)
CONTACT:	Rachel Mercurio, Maintenance Office & Contracts Superintendent John Dodson, Facilities Maintenance Superintendent

RECOMMENDATION:

Staff recommends the Board adopt a resolution (Attachment 2) regarding the HVAC System Replacement at 1515 8th Street (Capital YMCA/former Capital Athletic Club) to suspend formal bidding procedures and authorize the Executive Director to enter into a contract with Emcor Services ("Emcor") in an amount not to exceed \$168,985.

BACKGROUND

The building occupied by the Capital YMCA at 1515 8th Street was constructed in 1982 and has an aging and inefficient HVAC system. On April 18, 2025, the Board authorized the Executive Director to enter into a construction contract with THP Mechanical LLC ("THP") for replacement of five (5) HVAC units.

In July 2025, CADA staff determined it was in CADA's best interest to replace all ten (10) HVAC units concurrently rather than proceeding in phases. Accordingly, on August 15, 2025, the Board authorized the Executive Director to issue a change order in the amount of \$170,840 to replace the remaining five (5) units.

ANALYSIS

Following execution of the change order on October 7, 2025, which authorized installation and flashing of the remaining HVAC units, THP failed to complete the remaining five (5) HVAC units and ceased meaningful communication with CADA, despite numerous attempts by staff to obtain a response and schedule completion of the work.

On November 13, 2025, CADA was notified of two (2) non-payment notices issued by Trane and Edge Electrical, subcontractors that completed installation of the initial five (5) HVAC units under the contract.

On December 4, 2025, a representative of THP informed CADA that the company was working to resolve outstanding balances with its subcontractors and anticipated the matter would be resolved the following week. THP further stated that a THP representative would contact CADA to schedule completion of the remaining work. Despite multiple follow-up attempts by CADA, no further communication or action was received.

On December 9, 2025, CADA issued a final notice advising THP that it had until December 12, 2025 to provide a detailed work schedule and documentation, confirmation that all subcontractors had been paid for work performed to date, and a definitive completion date for the project. THP failed to respond. As a result, CADA issued a Notice of Termination on December 15, 2025, due to breach of contract and abandonment of work.

Pursuant to Exhibit B, Section 3 – Terms and Conditions of the contract, the agreement provides:

“If Contractor fails to perform the terms and conditions of this contract, Authority may terminate this contract and be relieved of payment to contractor. In the event of termination, Authority may proceed with the work in any manner deemed proper by Authority. The cost to the Authority shall be deducted from any sum due to Contractor under this contract, and the balance, if any, shall be utilized to offset any and all claims against Contractor.”

Following termination, CADA staff reviewed the remaining responsive bids from the original solicitation. ACCO Engineered Systems, Inc. was the next lowest responsive bidder, followed by Emcor Services. While CADA is not familiar with ACCO, Emcor has previously performed work for CADA and has demonstrated reliability and technical expertise.

In addition to the incomplete HVAC work, the building has significant roof leaks, some of which resulted from the HVAC work not being completed. While temporary repairs have been made by various contractors, the roof will require what is likely to be a full replacement once funding becomes available in CADA’s next budget cycle. In the meantime, completion of this project in an expeditious and comprehensive manner is imperative.

Given the extensive delays already experienced on this project and the need to ensure timely and accurate completion, staff determined that Emcor is the most qualified contractor to complete the remaining work. Emcor has confirmed it has the staffing capacity and availability to begin immediately and has provided a cost to complete the project of \$168,985, as detailed in Attachment 1.

If the Board approves this recommendation, staff will issue a Notice of Award to Emcor Services immediately. The work is anticipated to be completed within 30 days, subject to availability of required HVAC components. Therefore, staff recommends authorizing the Executive Director to suspend formal bidding procedures and enter into a contract with Emcor Services in an amount not to exceed \$168,985.

POLICY

This item comes before the Board because staff recommends rejecting a bid obtained through CADA’s formal bidding procedures, and the contract amount exceeds the Executive Director’s \$100,000 approval authority. Pursuant to Article V, Section A.4 of CADA’s Contracts Policy, the Board may suspend formal bidding procedures “when, upon a two-thirds (2/3) vote of the Board of Directors, it is determined that it is in the best interests of CADA and the Capitol Area Plan to suspend formal bidding for any contract.”

Regarding the termination for nonperformance, per Article IV, Section L of CADA’s Contracts Policy states: “In case of failure on the part of the contractor to complete performance under the contract within the time specified in the contract or within the extension of such time as herein provided, the contract may be terminated and the contractor shall not be paid or allowed any further compensation for any further work done under such contract. The Board of Directors may proceed to complete such contract either by re-letting or otherwise, and the contractor and his or her surety, if any, shall be liable to CADA for all loss or damage that CADA may suffer on account of the failure to complete the contract on time.”

FINANCIAL IMPACT

The previously approved change order amount of \$170,840 was not expended due to THP's abandonment of the project. The HVAC upgrades were funded within the FY 2024-25 Major Construction Capital Improvement Program, which includes a total budget of \$450,000 for this project. The proposed contract with Emcor Services in the amount of \$168,985 is within the adopted budget.

ENVIRONMENTAL ISSUES

This item does not require CEQA review or certification. This project falls under the categorical exemption for existing facilities in class 1, section 15301. Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use.

CADA STRATEGIC PLAN

The proposed action addresses the following 2024-2029 CADA Strategic Plan goals: "Ensure Fiscal Strength and Operational Excellence." Replacement of these HVAC units furthers CADA's goals of being a leader in sustainability.

Attachments:

1. Scope of Work/Proposal – Emcor Services
2. Resolution 26-06

January 14, 2026

2026-009

To: CADA

Re: 1515 8TH STREET HVAC REPLACEMENT

Ladies and Gentleman:

Mesa Energy Systems, Inc., (dba EMCOR Services Mesa Energy) is pleased to submit the following scope of work for the 1515 8TH STREET HVAC REPLACEMENT per job walk and correspondence with CADA. All work to be accomplished during normal business hours unless otherwise noted in the scope of work.

Scope of Work

- 1) Unhook electrical, gas, and condensates on (5) rooftop package units
- 2) Rigging and craning of new and old equipment (assume crane pick from alley)
- 3) Supply and install (1) 5-ton rooftop package unit with smoke detector and curb adapter
- 4) Supply and install (2) 8.5-ton rooftop package units with smoke detectors and curb adapters
- 5) Supply and install (2) 10-ton rooftop packages units with smoke detectors and curb adapters
- 6) Reconnect condensates and gas piping on roof
- 7) (5) Electrical disconnects
- 8) Perform air balance and provide reports (At roofline only)
- 9) Perform startup of new equipment

Total Cost \$ 168,985**Clarifications and Assumptions:**

- 1) Mesa Energy Systems and their subs will be provided unfettered access to all work areas.
- 2) All field work to be performed by Union mechanical technicians certified to perform such work.
- 3) Material pricing included in the total cost is based on existing pricing and availability. Any increases at the time of order due to project timelines will be added to the project total cost.
- 4) Mesa Energy Systems, Inc. and their subs will not work on energized electrical systems. Before we perform a shutdown, our Method of Procedure (MOP) must be reviewed and signed/approved by the Owner. All shutdowns are at straight time.
- 5) Our proposal is based on the assumption that work will flow in a continuous, sequential, adjacent area-by-area manner, with adequate time allowed for all work in the construction schedule. Work stoppages and work requested to be performed in a non-continuous or compressed manner may result in a request for an upward adjustment of the contract value.
- 6) Conduit and/or condensate piping running along roof top will be mounted to Dura Block type sleepers.
- 7) Air balance to be at the roofline, air distribution system not included.
- 8) This proposal in its entirety shall be made part of the fully executed agreement and/or PO.

Exclusions

- Seismic upgrades and/or engineering.
- Any structural attachments and/or leveling of (N) curbs.
- Permits, plans and/or title 24 documentation.
- Work outside the above scope of work.
- Conditions of existing systems.
- We exclude corrections of existing code violations, if any exist.
- Any and all painting.
- Waiver of subrogation





EMCOR Services

Mesa Energy

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- Any and all asbestos and hazardous material.
- Connection to fire / life safety panel(s).

Supply Chain: The parties understand and agree that (i) there are current issues with the manufacture and supply of various materials and equipment (all, collectively, “Goods”), which issues generally are referred to as “supply chain disruption” (“Disruption”), (ii) the Disruption arises from a variety of global, national, and local factors, all of which are beyond the control of Mesa Energy Systems, and (iii) the Disruption has impacted suppliers’ ability to provide Goods by dates certain, in the quantities ordered, and/or for the specified price.

The price set forth herein is guaranteed for a period of 15 days from the date of this proposal. Mesa Energy Systems thereafter reserves the right to increase the price to reflect the then-current price as may be due to the Disruption. The pricing in this proposal is guaranteed only for such time, and Mesa Energy Systems’ customer assumes the risk of any price increases thereafter. If customer fails to sign this proposal timely, this proposal shall be deemed void, withdrawn, and canceled.

Concealed Conditions: If concealed or unknown conditions of an unusual nature which affect the performance of the work are encountered below the roof line or above the ceiling or in an existing part of the building other than the work, which conditions are not ordinarily found to exist or which differ materially from those generally recognized as inherent in work of the character provided for in this Agreement, notice by the observing party shall be given promptly to the other party, if possible before conditions are disturbed and in no event later than fourteen days after first observance of the conditions. The Contract Sum shall be equitably adjusted for such concealed or unknown conditions by Change Order upon claim made within fourteen days after claimant becomes aware of the conditions.

Regulatory Changes: Mesa Energy Systems Inc. shall be compensated for changes in the Work necessitated by the enactment or revision of codes, laws or regulations subsequent to the execution of this Agreement.

Hazardous Materials: CADA hereby agrees to indemnify, defend and hold harmless Mesa Energy Systems, Inc. and its agents, employees, consultants and subcontractors from and against any claim, damage, allegation, suit, cause of action, cost, loss, expense or injury in connection with Hazardous Materials not introduced to the Project by the Indemnified Parties, including, without limitation, all costs of remediation, experts, consultants or other costs in connection with Hazardous Materials associated with the Project.

Unforeseen Conditions: CADA understands and agrees that Mesa Energy Systems, Inc. shall not be liable for added costs or time delays caused by unforeseen conditions at the Project, including, without limitation, unanticipated rerouting of existing piping, fire sprinklers or gas piping. In the event that the fire sprinklers, water, electrical conduit or gas piping are required to be relocated, Mesa shall not be responsible for such work. Mesa Energy Systems, Inc. or a subcontractor under the control and supervision of COMPANY shall perform such work.

NFPA 70E: Mesa technicians are trained to understand the specific hazards associated with electrical energy according to NFPA 70E, Standard for Electrical Safety in the Workplace. They are trained in safety-related work practices and procedural requirements as necessary to provide protection from the electrical hazards associated with their respective job or task assignments. Documented safe work practices include lockout/tagout and energy isolation. Category 2 personal protective equipment is issued for electrical hazards while working on voltages between 50 and 480 volts. Mesa’s policy is to remove the energized electrical hazard by working on de-energized circuits and by using the written lockout/tagout policies and procedures when feasible.

COVID-19: This proposal, including but not limited to pricing and schedule, is made contingent upon the work addressed herein not being adversely affected, either directly or indirectly, by the COVID-19 pandemic and/or the Corona virus. This proposal is further conditioned upon the parties agreeing, prior to beginning of any work and in writing as part of any contract/subcontract, that any (i) schedule issues (including, but not limited to, delay, acceleration, compression, interference, hindrance), (ii) overtime hours or added resources to perform work, (iii) shortages (whether as to labor, subcontracted services, materials, or supplies), (iv) change orders, extra work, or extra costs, or (v) inefficiency and impacts relating to the foregoing, that arise as a result of the COVID-19 pandemic or Corona virus will entitle contractor to a change order equitably addressing impacts to its time for performance and costs.

Warranty: Sixty (1) year on labor plus one (1) year on materials from the date of delivery unless the manufacturer's warranty is for a shorter period in which case the shorter period will apply. Contractor warrants parts and equipment not manufactured by it only to the extent that Contractor is able to enforce liability against the manufacturer. Warranty excluded on existing system components, permits and engineering.

Subsequently if it is determined that repairs are necessary during the warranty period (or time) in order to maintain the proper operation of the equipment, it is the customer’s responsibility to ensure that those recommendations are completed in a timely manner otherwise the warranty will be void. ***Due to uncertainty related to the pricing of steel, commodities, and foreign tariffs, the price quoted herein can only be held for fifteen days from the date of this proposal.***

Terms and Conditions: The Terms and Conditions attached hereto as Exhibit A, are incorporated into this agreement.



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EMCOR Services

Mesa Energy

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Please contact me at 916-677-7093 or email me at kdalke@emcor.net should you have any questions or would like additional information on how Mesa Energy Systems, Inc. may serve you.

Customer Acceptance:

Mesa Energy Systems Inc:

Signature

Signature

Printed Name

Printed Name

Title
Date

Title
Date

Terms and Conditions:

1. Contractor will perform the services ("Services") set forth in the attached proposal ("Proposal").
2. Contractor will perform the Services during normal working hours, Monday through Friday, from 8 AM to 5PM, unless specified otherwise in writing by Contractor. If requests that Contractor provide Services on an expedited basis and/or outside normal working hours, **CADA** shall pay all additional charges for freight, labor, or materials according to Contractor's established rates and fees.
3. If Contractor determines that other work beyond the Services is required, such work shall not constitute a part of the Services, and Contractor will provide **CADA** with a quotation for such work.
4. **CADA** agrees to (i) provide safe and reasonable access, and any other assistance as is reasonably necessary, so that Contractor can perform the Services and (ii) remove and replace/refinish any part of the work site that must be disturbed so Contractor can perform the Services.
5. Contractor shall not perform any service that concerns hazardous materials, and shall have no responsibility for remediation, accumulation, storage, transportation, or disposal of any hazardous materials generated by **CADA** or present at the work site.
6. Contractor shall not be required to perform any Services where hazardous materials are present or where Contractor suspects the presence of hazardous materials, and Contractor immediately may stop providing Services in either instance and notify **CADA** of the circumstance giving rise to the stoppage.
7. **CADA** agrees to pay Contractor the lump sum or time and materials rates set forth in the Proposal, and all excise, sales, use, occupation or other similar taxes connected with Contractor's performance of the Services.
8. **CADA's** payment is due net 30 days from date of invoice, and late payment to Contractor shall be subject to interest at the rate of one and one-half percent (1½ %) per month, not to exceed the maximum amount allowed by applicable law. Contractor may cease providing Services, including warranty services, if **CADA** fails to make any payment that is due and owing.
9. Materials provided will be free from defects for one (1) year from the date of the Services or to the extent of the manufacturer's warranty, whichever the lesser. Workmanship provided will be good and of a workman-like standard for sixty (60) days from the date of the Services. During the applicable warranty period, Contractor promptly shall repair or replace, at its sole option and at its own expense, any defective materials or workmanship during normal working hours (for defective materials, Contractor only will provide (i) warranty coverage to the extent that Contractor is able to enforce liability against the manufacturer and (ii) necessary labor at its own expense for sixty (60) days from the date of the Service and during normal working hours). **CADA's** sole and exclusive warranty is the repair or replacement set forth herein. If **CADA** requests that Contractor provide warranty services on an expedited basis and/or outside normal working hours, **CADA** shall pay all additional charges for freight, labor, or materials according to Contractor's established rates and fees.
10. Contractor's warranty applies only to materials and workmanship furnished by Contractor. Contractor's warranty shall be null and void if (i) **CADA** fails properly to operate and maintain equipment and/or the system for which Services were provided, (ii) acts of vandalism or other alterations or modifications occur that affect the equipment and/or the system for which Services were provided, or (ii) **CADA** subsequently has another contractor provide goods or services that affect to the Services.
11. Contractor shall not be liable for any delay, or loss or damage arising therefrom, and shall be entitled to additional time for the Services, if the delay is caused by an occurrence beyond the reasonable control of Contractor.
12. Contractor is not responsible for equipment and/or system design deficiencies, obsolete equipment or systems, equipment or systems beyond serviceable life, or electrical failures, and **CADA** shall remain obligated to pay for Services if the Proposal properly was performed but the Services do not remedy the condition giving rise to the Proposal because of the foregoing.
13. Contractor shall not be liable for operation of any equipment or system, nor for injury to person or damage to property, except to the extent such injury or damage is caused by the negligent acts or omissions of Contractor, and only to the proportionate extent of Contractor's negligence.
14. Under no circumstances, whether arising out of contract, tort (including negligence), strict liability, warranty or otherwise, shall either party be liable to the other for special, indirect, incidental, consequential, exemplary or punitive damages of any nature.



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15. In no event shall Contractor's aggregate liability to **CADA** exceed an amount that is the lesser of (i) the amount of the Proposal or (ii) the cost to Contractor to repair or replace the item giving rise to the claim.
16. This Proposal shall be governed by the laws of the State where the Services are performed, without giving effect to its conflict of laws provisions. Any action concerning the subject matter of this Proposal shall be commenced in the State court of such State, which shall have exclusive jurisdiction over such action. Any such action shall be submitted TO THE COURT ONLY for resolution, WITHOUT TRIAL TO A JURY. THE PARTIES HEREBY WAIVE ANY RIGHT TO A JURY TRIAL REGARDING ANY SUCH ACTION.
17. Contractor shall be entitled to all fees and costs, including reasonable attorney's fees, incurred by it in any action to collect amounts due to it from **CADA**.
18. By signing the Proposal, **CADA** authorizes Contractor to perform the Services and agrees to these Terms And Conditions and those set forth in the Proposal. **CADA** further agrees that the Proposal and these Terms And Conditions constitute the parties' entire agreement, and any other documents generated or provided by **CADA** are intended only to create payment authority for **CADA**'s internal purposes. No such **CADA** documents shall form a part of this agreement, or constitute a counteroffer, amendment, modification, or revision, and hereby are rejected by Contractor.
19. This proposal, including but not limited to pricing and schedule, is made contingent upon the work addressed herein not being adversely affected, either directly or indirectly, by the COVID-19 pandemic and/or the Corona virus. This proposal is further conditioned upon the parties agreeing, prior to beginning of any work and in writing as part of any contract/subcontract, that any (i) schedule issues (including, but not limited to, delay, acceleration, compression, interference, hindrance), (ii) overtime hours or added resources to perform work, (iii) shortages (whether as to labor, subcontracted services, materials, or supplies), (iv) change orders, extra work, or extra costs, or (v) inefficiency and impacts relating to the foregoing, that arise as a result of the COVID-19 pandemic or Corona virus will entitle contractor to a change order equitably addressing impacts to its time for performance and costs.
20. A credit card surcharge of 3.00% will be charged at checkout automatically for all payments initiated via www.PayEMCOR.com. You may avoid this fee and pay via check or ACH instead. To make a payment by credit card, please go to www.payemcor.com. Enter the following 3-digit code: 778 into the "ID code" field, and Mesa Energy Systems will appear on the right-hand side of the screen. Enter your credit card and payment details as directed on the screen to complete the payment.



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RESOLUTION NO. 26 – 06

Adopted by the Capitol Area Development Authority

February 20, 2026

RESOLUTION AUTHORIZING SUSPENSION OF COMPETITIVE BIDDING FOR THE HVAC SYSTEM REPLACEMENT PROJECT AT 1515 8TH STREET (CAPITAL YMCA)

WHEREAS, on April 18, 2025, the Board of Directors of the Capitol Area Development Authority (“CADA”) authorized the Executive Director to enter into a construction contract with THP Mechanical LLC (“THP”) for HVAC system replacement work at 1515 8th Street;

WHEREAS, on August 15, 2025, the Board authorized the Executive Director to execute a change order in the amount of \$170,840 to expand the scope of work to include replacement of the remaining HVAC units;

WHEREAS, following execution of the change order, THP failed to complete the authorized work, ceased communication, and abandoned the project;

WHEREAS, on December 15, 2025, CADA terminated the contract with THP due to breach of contract and abandonment of work;

WHEREAS, pursuant to Article V, Section A.4 of CADA’s Contracts Policy, the Board may suspend competitive bidding when it determines, by a two-thirds (2/3) vote, that such action is in the best interests of CADA and the Capitol Area Plan; and

WHEREAS, Emcor Services (“Emcor”) is a qualified and reputable contractor with prior experience performing work for CADA, has demonstrated the ability to complete the project in a timely and professional manner, and has confirmed its availability and capacity to begin work immediately upon notice of award.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Capitol Area Development Authority hereby determines that it is in the best interests of CADA and the Capitol Area Plan to suspend competitive bidding for the HVAC System Replacement Project at 1515 8th Street; and

BE IT FURTHER RESOLVED, that the Board authorizes the Executive Director to enter into a contract with Emcor Services in an amount not to exceed \$168,985 to complete the HVAC system replacement project.

Ann Bailey, Chair

ATTEST:

Tara Gandara
Secretary to the Board of Directors