



Carl Hu <carlthu@gmail.com>

Re: HKCA AC RFP bid proposal from Gordon Mechanical LLC

Carl Hu <carlthu@gmail.com>

Wed, Jun 18, 2025 at 8:34 PM

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Dear President Levine and members of the HKCA Board of Directors,

On behalf of Gordon Mechanical LLC, I am presenting their revised RFP bid proposal which I'm confident effectively addresses all major issues raised in last Friday's board meeting. As President Levine indicated the board's willingness to evaluate a fully completed RFP bid proposal from Gordon Mechanical LLC provided it is presented before the board signs a contract with another vendor, I am requesting that the board honor this by now fairly evaluating this proposal to determine if it is in the best interest of HKCA and its owners.

Along with other important project details, Gordon Mechanical in their 30 page proposal:

- acknowledges that they have reviewed and will meet all project requirements,
- provided proof of all necessary insurance coverages,
- identified subcontractors who they will employ
- provided a list of commercial HVAC projects including VRF which they have performed
- provided a letter of piping reusability from Samsung USA's VP of Engineering,
- provided a detailed list of parts for the project for both towers
- provided greater in-depth schedule details,
- provided a manpower availability letter from the Plumbers and Fitters Union Local 675

Perhaps most importantly, after a detailed review of project requirements which included consultations with myself, former HKCAAC committee members, Duane from Native Technologies, and Samsung USA, owner Richard Gordon has confirmed that Gordon Mechanical LLC is able to perform all required work for this highly critical project within the timeframe required by HKCA (completion in 2026) and for the same cost as quoted in their original bid received by the board last week. As such, there is absolutely no basis to the claim that the cost could possibly exceed that of Castaway Construction once all project requirements are factored in.

I believe this proposal merits immediate and serious consideration by the HKCA Board of Directors due not only to the very significant cost savings (\$10M) but also the fact that Gordon Mechanical LLC is far more qualified to perform this work than Castaway's HVAC partner, Cooling Hawaii, who deals primarily in residential AC projects as evidenced by their website (<https://www.coolinghawaii.com/> vs <https://www.gordonmechanicallc.com/>). I believe we can all agree that for a project of this immense cost, scale, and complexity it is imperative that the board hire a highly experienced HVAC mechanical contractor with a proven track record of completing large commercial installations in high rises. While Gordon Mechanical has quite a number of these to their credit as detailed in their bid proposal, Duane from Native Technologies was unable to identify a single comparable project completed by Cooling Hawaii ("Kaanapali Vista" is not a resort, it's a residential home development in the Kaanapali hillside). That is truly disconcerting and alarming given the nearly \$30M price tag and the claim that Castaway and Cooling Hawaii had been properly vetted which I see little evidence of particularly given the disbanding of the AC committee. We certainly don't want Honua Kai to be the guinea pig for Cooling Hawaii's first large commercial VRF installation so I expect the board to perform its due diligence by providing the list of comparable large commercial HVAC installation projects Cooling Hawaii has completed as Gordon Mechanical has done in their proposal.

I am also compelled to remind the board once more of the importance of staying with Samsung equipment to maintain the highest degree of compatibility and the lowest project risk. The response to my concerns provided by former AC Committee chairman Larry Rosencrantz were simply not credible. As confirmed by Samsung engineers, pipes are not just pipes and you can't expect to hook any other vendor's equipment to our highly proprietary Samsung VRF infrastructure without encountering unforeseen compatibility problems, some of which can be serious and costly. Larry was mistaken - the equipment currently installed was manufactured by Samsung with Trane strictly acting as a US sales and service partner. The size and configuration of the Samsung ACCU and FCUs remain largely the same in their current generation DVM S2 products - I know this because I looked up the specs with Samsung. While Samsung's current mini duct FCUs are actually shorter now making installation easier, LG's FCUs are longer creating a potential fit problem - we don't know because we've never tried this even though the proposal calls for installing well over 1,000 of these.

Furthermore, Samsung and LG use entirely different communication protocols and wiring between the ACCUs and FCUs. For example, one of the requirements is automatic FCU cutoff when the lanai door is opened. Our Samsung FCUs are equipped with a control adapter (part# MIM-B14) which provides this capability while LG does not. Furthermore, our piping extensively relies upon a proprietary Samsung Y-joint connector while LG uses their own and it's not known if they are compatible. There are thousands of these Y-joints throughout the piping system in both towers. Samsung's own VP of Engineering has provided a letter vouching for the direct reusability of the existing piping with their current DVM S2 system. LG has given no such assurance. That's an awfully expensive \$30M dice to roll when LG has never tested their HVAC equipment at Honua Kai.

As for the cost difference and skepticism as to how Gordon Mechanical can be so much less expensive, there's no real mystery there when you compare the bids. It's not that they are cheap - they are bidding a fair price based on prevailing labor rates and equipment costs. Rather and bluntly, it's that Castaway's bid is grossly overpriced, an opinion not only shared by many in the industry I've consulted with but also Duane from Native Technologies. Recall that both Bill Strelloff and Randy Lorenz confirmed that Duane told the AC committee he expected bids to come in the \$9M - \$12M range. This is the person who wrote the RFP so knows the scope of work required and what large projects like this should cost.

When you compare both bids (you should still have Castaway's bid which is just 4 pages), you'll see that the main source of the cost difference is the labor hourly rate. Despite the fact that Gordon Mechanical is a union labor shop and HKCA would directly reap the benefits of their exclusive use of highly skilled journeymen and apprentices who meet strict union standards, their labor rate is roughly half that of Castaway even though they are not a union shop and can hire workers with little to no qualifications or experience. What possible explanation is there for that and how can the board find this remotely acceptable when owners have been bleeding red ink since COVID and the Lahaina fires. Money does matter greatly right now so paying a fair price for the work performed is exactly what owners expect the board to do.

An additional important advantage of the Gordon Mechanical bid is time. The board has until the end of July to have our equipment order placed with Samsung to ensure end of year delivery to US warehouses. That is sufficient time to do this project right - negotiate a comprehensive and fair contract and make sure we are ordering the correct equipment which will properly function with our existing Samsung VRF piping and electrical wiring. The board should not be rushed into making a wrong or bad decision simply because LG has an earlier order cut-off date. All other things being equal, staying with the same equipment manufacturer that our refrigerant piping and electrical infrastructure was designed for is a no-brainer since it greatly lowers project risk. Here, however, all things are not equal since Gordon Mechanical not only uses Samsung equipment but also will save owners \$10M and unlike Cooling Hawaii, has a long and proven record of successfully completing large commercial HVAC projects similar to this. Doing this project correctly is far more important than rushing to do it quickly. Here, time is clearly on the side of the Gordon Mechanical bid proposal.

While I wish Gordon Mechanical LLC had been one of the original vendors invited to bid on this project, we cannot turn the clock back. We can only look forward and use the most current information we have to make the best decision possible, particularly when it comes to the biggest expenditure by almost an order of magnitude in HKCA's history. The board still has time to switch horses and still make the finish line by the end of 2026 with Gordon Mechanical. As the union letter attests, being Oahu based they have far more access to skilled labor should it be needed than Castaway does. For the sake of owners, I sincerely hope you will take the opportunity to give their proposal fair consideration and speak directly to their owner and team so they can directly address your questions and concerns as they've done the past few weeks with me and others.

Respectfully,
Carl Hu

HKCA member, Hokulani 229
Former HKCA Board Director 2015-2023

Links to Samsung parts list for Honua Kai:

https://drive.google.com/file/d/1F3_pK3liXLteG5wmsrWY6ifLOzE-C-kh/view?usp=drive_link

••• https://drive.google.com/file/d/1jkTZVXrKhgrV8q-HjBQkdeCiv6AhUJx1/view?usp=drive_link



GM-HKCA RFP bid 06-18-2025.pdf
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