

ITEM #:	<u>15</u>
DATE:	<u>12-19-23</u>
DEPT:	<u>Fleet</u>

COUNCIL ACTION FORM

SUBJECT: **AUDITORIUM HVAC - DESIGN SERVICES CHANGE ORDER**

BACKGROUND:

The City Auditorium is currently served by a HVAC system that is comprised of a fan and heating coils from when the building was built in 1938 and a condenser and cooling coils were added in 1990. Over the last several years there have been ongoing maintenance issues with the system. It was determined that the best course of action would be to replace the system and modernize it for ease of use and maintenance.

The project design consisted of the removal of the existing systems and the installation of a traditional roof top unit to provide heating and cooling to the Auditorium. The project was bid and rejected twice in 2021 because of being significantly over budget. During the budget of FY 2021/22 additional funding was identified from American Rescue Plan funds.

Subsequent to designing a new system, the City accepted a Climate Action Plan for the City. One of the Six Big Moves identified in the Plan is the Retrofit of Municipal Buildings. **After two failed bids, the City staff approached the consultant, Resource Consulting Engineers, and inquired if a new system could be designed without natural gas and within the new budgeted amount. As a result of this inquiry, the consultant suggested adding a heat pump to replace the air cooled condenser. This new approach could significantly reduce our electric use during the winter by using the heat pump to heat up the loop serving all the heat pumps in the City in lieu of using electric boilers.**

The estimate for this system would be approximately \$800,000 not including the engineering costs. The current budget is \$700,000 with \$500,000 from one-time general fund savings and \$200,000 designated from American Rescue Plan funds. **To complete the new design concept a change order is needed in the amount of \$31,652, which would bring the total project cost to \$831,652.** The consultant calculated that the additional cost for the upgrade to the heat pump would be paid back in approximately 10 years assuming that electric rates would not increase. Staff and the consultant worked with Electric Services to identify possible rebates. The rebate would be approximately \$10,000, since the savings are lower during the summer peak used by Electric for calculating rebates.

Staff would like to proceed with new design concept while working to identify additional funding to complete the project. This is due to the age and issues with the current system and the opportunity to work on the goals of the Climate Action Plan. The project will be coordinated to reduce the impact on the use of the Auditorium during construction.

ALTERNATIVES:

1. Approve the change order to Resource Consulting Engineers in the amount of \$31,652 for the Auditorium HVAC project.
2. Reject the change order and proceed with rebidding the original design.
3. Reject the change order and order staff to proceed with an alternate project.

CITY MANAGER'S RECOMMENDED ACTION:

The current HVAC system in the City Auditorium is aging and becoming unreliable. By approving this change order a new modern system that is compatible with the goals of the City's Climate Action Plan can be designed. Therefore, it is the recommendation of the City Manager that City Council adopt Alternative No. 1, as described above.