

ITEM #:	<u>23</u>
DATE:	<u>08-13-24</u>
DEPT:	<u>Fleet</u>

COUNCIL ACTION FORM

SUBJECT: **AUDITORIUM HVAC REPLACEMENT PROJECT**

BACKGROUND:

The City Auditorium is currently served by a HVAC system that contains a fan and heating coils dating to the building's original construction in 1938. A condenser and cooling coils were added in 1990. Over the last several years there have been ongoing maintenance issues with the system. Due to the age of the equipment and the ongoing maintenance issues, it was determined that the best course of action is to replace the system and modernize it for ease of use and maintenance.

The project design consisted of removing the existing systems and installing a traditional rooftop unit to provide heating and cooling to the Auditorium. The project was bid and rejected twice in 2021 due to proposals being significantly over budget. During the budget cycle for 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 in June 2023. One of the Six Big Moves identified in the Climate Action Plan is building retrofits. After two failed bids, City staff approached the consultant, Resource Consulting Engineers, and inquired if a new system could be designed without natural gas to align with the City's sustainability goals and remain 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 electrical use during the winter by using the heat pump to heat the loop serving all the heat pumps in City Hall in lieu of electric boilers. The engineer's estimate for this project is \$1,097,912 and engineering costs are \$30,221, for a total project cost of \$1,128,133.

The current total funding for the project is \$1,128,140 and the sources of funds are as follows:
\$650,000 from one-time general fund savings;
\$200,000 from American Rescue Plan funds;
\$150,100 from City Hall Improvements Capital Improvement Project;
\$128,040 from Electric through the Department of Energy's (DOE) Energy, Efficiency and Conservation Block Grant (EECBG).

The consultant calculated that the additional cost for the upgrade to the heat pump would be paid back in approximately 10 years assuming no increases in electric rates. Staff and the consultant worked with Electric Services to identify possible rebates and estimate the rebate amount will be approximately \$10,000, since the savings are lower during the summer peak used by Electric for calculating rebates.

ALTERNATIVES:

1. Approve the plans and specifications for the Auditorium HVAC Replacement project and establish September 4, 2024, as the bid due date with September 10, 2024, as the date for report of bids.
2. Reject the project.

CITY MANAGER'S RECOMMENDED ACTION:

The City Hall Auditorium is in need of replacing its HVAC system, which is a critical equipment for operations. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.