



# REQUEST FOR CITY COUNCIL ACTION

**MEETING DATE:** April 5, 2017

**DEPARTMENT:** Finance

**DIVISION:** Purchasing

- ☒ Motion
- ☐ Resolution
- ☐ Ordinance - Introduction
- ☐ Ordinance - Adoption
- ☐ Public Hearing

**TITLE:**

Contract Increase: Heating, Ventilation and Air Conditioning (HVAC) & Refrigerant Services

**SUMMARY RECOMMENDATION:**

Approve an increase to the estimated expense from \$280,000.00 to \$470,000.00 for the Heating, Ventilation and Air Conditioning (HVAC) & Refrigerant Services until a new contract is awarded.

(Citywide - Bid #2012-20000047) (Ricky Rinehart)

**REPORT:**

On April 1, 2015, City Council approved an increase of the HVAC & Refrigerant Services Contract from \$100,000 to \$280,000.

For the current fiscal year, the City has spent approximately \$207,000 of the estimated \$280,000 for various repairs and replacements. Staff is requesting an increase of \$190,000 in addition to the already approved \$280,000. Staff plans to replace the Chiller Tower unit servicing the Art Center. During its life cycle, the current unit has had three compressors replaced and now in need of a fourth. Each compressor has been replaced at an estimated cost of \$40,000 of an average replacement every three years. The City solicited assistance from two of the four contracted vendors to troubleshoot these premature compressor failures. It was recommended to change out the chiller to one with a variable speed compressor to alleviate the short cycling. The estimated replacement cost for the Chiller Tower at the Art Center is \$150,000 and the additional \$40,000.00 will be used for any unforeseen replacement or repairs.

To justify replacing the chiller tower versus replacing the compressor every three years, an extensive cost analysis was conducted. Taking into consideration an annual average of \$22,818 in efficiency savings and APS rebates of \$22,899, the life cycle payback of the new unit is less than 4.5 years.

FISCAL REQUIREMENTS	CITY FUNDS:	\$470,000.00	BUDGETED:	\$280,000.00
	STATE FUNDS:	\$0.00	AVAILABLE TO TRANSFER:	\$0.00
	FEDERAL FUNDS:	\$0.00	IN CONTINGENCY:	\$0.00
	OTHER SOURCES:	\$0.00 \$0.00 \$0.00	FUNDING FOR THIS ITEM IS FOUND IN THE FOLLOWING ACCOUNT / FUND / CIP:	
	TOTAL:	\$470,000.00		
	FISCAL IMPACT STATEMENT: \$280,000 of these funds are included in the 2016-2017 Operating Budget. This action authorizes an additional \$190,000 until a new contract is awarded. Appropriate budget transfers will be made to accommodate the increase.			
ADDITIONAL INFORMATION	SUPPORTING INFORMATION NOT ATTACHED TO THE CITY COUNCIL ACTION FORM THAT IS ON FILE IN THE OFFICE OF THE CITY CLERK: 1. 2. 3. 4. 5.			
	IF CITY COUNCIL ACTION INCLUDES A CONTRACT, LEASE OR AGREEMENT, WHO WILL BE RESPONSIBLE FOR ROUTING THE DOCUMENT FOR SIGNATURE AFTER CITY COUNCIL APPROVAL?  <input type="radio"/> Department <input type="radio"/> City Clerk's Office <input type="checkbox"/> Document to be recorded			
SIGNATURES	CITY ADMINISTRATOR:		DATE:	
	Gregory K. Wilkinson		3/27/2017	
	REVIEWED BY CITY ATTORNEY:		DATE:	
	Richard W. Files		3/27/2017	
	RECOMMENDED BY (DEPT/DIV HEAD):		DATE:	
Pat Wicks		3/20/2017		
WRITTEN/SUBMITTED BY:		DATE:		
James Craig/Robin R. Wilson		3/20/2017		