

COUNCIL ACTION FORM

SUBJECT: **AUDITORIUM HVAC REPLACEMENT**

BACKGROUND:

The City Auditorium is currently served by a HVAC system that consists of a fan and heating coils from when the building was built in 1938 and a condenser and cooling coils that 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.

A mechanical engineering firm was hired and completed plans and specifications. The plan calls for the removal of the existing fan and coils and replacement with a rooftop unit that would provide the heating and cooling for the Auditorium. A rooftop unit would allow for easier access for maintenance and free up existing space to become needed storage for the Auditorium.

This project was originally bid this past winter. The project at that time only received one bid that was significantly higher than the estimate, and on January 12, 2021, City Council rejected the bids and directed staff to modify the project for a future bid. The consultant talked to local contractors and received responses that the timing of the project was the main issue with receiving bids.

The project plans were modified by removing items related to duct work and access into the Auditorium ceiling and by adding an alternate for removal of the existing system and removing heating and cooling to the stage area. The project was re-bid with the modified scope. On May 12, 2021, the following bids were received for the modified project:

Bidder	Base Bid	Alternate to Remove Existing System
<i>Engineer's Estimate</i>	<i>\$342,870</i>	<i>\$13,572.30</i>
Stein Heating & Cooling, Inc.	\$575,500	\$15,000.00
Woodruff Construction, Inc.	\$589,347	\$23,200.00
Henkel Construction Co.	\$683,000	\$23,500.00

On May 25, 2021, City Council accepted the report of bids, but did not award this project due to a budget shortfall. Engineering and construction administration costs were estimated at \$32,000. With the lowest bid this would bring the total project to \$607,500. The budgeted amount for this project is \$400,000 and comes from one-time savings from the FY 2019/20 budget. After failing to identify 1) changes to the project design that would lower the cost and 2) additional funding to cover the \$207,500 budget shortfall, staff is now proposing to reject the bids. If

in the future additional funding can be identified by staff, plans may return to the City Council in early 2022 for approval of another bid letting.

ALTERNATIVES:

1. A. Reject all bids for the project.

B. Direct staff to re-evaluate the project plans and identify additional funding for a future bid letting.

2. Award the Auditorium HVAC Replacement to Stein Heating & Cooling, Inc. in the amount of \$575,500. This option will require funding from an appropriate fund balance.

CITY MANAGER'S RECOMMENDED ACTION :

The rising costs associated with this project required staff to modify the plans and re-bid it. While that resulted in some reduction of costs and additional bidders, the overall costs remain significantly over budget.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1.