

COUNCIL ACTION FORM

SUBJECT: CITY HALL HEAT PUMP REPLACEMENT PROJECT

BACKGROUND:

The current year's budget and Capital Improvements Plan (CIP) contains funding to begin replacement of the heat pumps in City Hall and the Community Center. The 171 current heat pumps were installed in 1989 during the initial renovation of the building. The original life expectancy of these units was 12 to 15 years; with the existing units are now 21 years old. In the last two years, two units have failed and have been replaced with complete new units, plus 2 other units have failed and are now out of service. Compressors in several other units have failed over numerous years and have been replaced. Every year several units need to be recharged with coolant; and repair and replacement parts for the existing units are now becoming more difficult to obtain.

The CIP for FY 2010/11 and 2011/12 has a total of \$880,000 in funding for replacing all of the heat pumps. This funding includes \$500,000 in FY 10/11 from the Energy Efficiency and Conservation Block Grant (EECBG) federal stimulus program and \$80,000 from General Obligation bonds; and \$300,000 in FY 2011/12 from General Obligation bonds. Also in the CIP are Cool City funds of \$200,000 in FY 09/10 & \$200,000 in FY 10/11. \$77,400 of these Cool City funds have been earmarked, via energy audit recommendations, to add a variable frequency drive (VFD) to the loop pump and install circulation control valves on each heat pump to improve the energy efficiency of this system.

On January 11, 2011, the City Council approved plans and specifications for the Heat Pump Replacement Project, and on February 15 bids were opened. The Engineer's Estimate was \$880,000. Six bids were received as follows:

Bidder	Base Bid Amount	Alternate Bid
Drees Company, Carroll, IA	\$636,560.00	\$88,287.00
ACI Mechanical, Ames, IA	\$657,800.00	\$67,800.00
Mechanical Comfort, Inc., Ames, IA	\$691,553.00	\$78,360.00
Wolin & Associates, Inc., West Des Moines, IA	\$721,100.00	\$43,900.00
Hutson –Thompson Plumbing, Inc., Huxley, IA	\$913,000.00	\$85,000.00
Proctor Mechanical Corp., West Des Moines, IA	\$987,600.00	\$95,264.00

Staff from the U.S. Department of Energy recently informed City staff that Congress is considering rescinding EECBG funding that has not been obligated by grantees. The largest portion of the City's EECBG grant will not become obligated until this HVAC construction bid is awarded.

Under the City's approved funding plan for this project, issuance of the final \$300,000 in G.O. bond revenues is subject to a reverse referendum. This requires that the City wait 30 days after the bond issue public hearing before legal authority to issue the debt can be assured. For that reason, April 12 was previously set as the date of public hearing and bid award on the construction project. In an attempt to obligate these funds prior to any Congressional rescission, staff will utilize the next week to explore other possible ways to manage the timing and interim funding of this project.

ALTERNATIVES:

1. Accept the Heat Pump Replacement report of bids with delay of contract award until the April 12, 2011 Council meeting.
2. Delay or do not proceed with this project.

MANAGER'S RECOMMENDED ACTION:

Replacement of these heat pumps is a high priority for maintenance of City Hall, and very competitive bids have been received. The final funding for the project is subject to a reverse referendum, so at present it appears that award of bid cannot occur until 30 days after the bond issue public hearing.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby accepting the Heat Pump Replacement report of bids with delay of contract award until the April 12, 2011 Council meeting.

Staff will vigorously explore other timing and alternate funding scenarios that may allow this bid to be awarded prior to April 12th in order to avoid any possible rescission of EECBG funding.