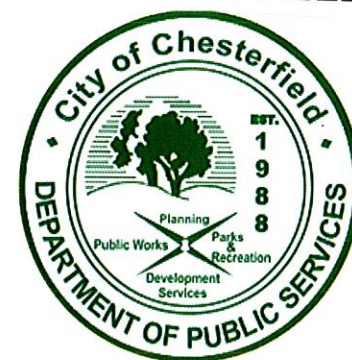


MEMORANDUM



DATE: April 13, 2015

TO: Michael Herring, City Administrator

FROM: *mg*
Mike Geisel, Director of Public Services

RE: Capital Needs - HVAC equipment replacement

As you recall, Staff previously identified several future large capital projects or replacements that could not reasonably be funded through the normal annual operating budget. These projects were presented to the Finance and Administration Committee of Council in conjunction with Staff's proposal to create a Capital Replacement\Project fund. While there was a general consensus to fund the projects with the General Fund – Fund Reserves in excess of the 40% reserve policy, and that such projects could not, and should not be incorporated into the normal annual General Fund budgeting the F&A Committee elected not to create the Capital Replacement\Project Fund at that time. Staff was directed to bring such projects forward to Committee as needs may dictate.

As was previously described, I recommend that the City Hall HVAC rooftop equipment be replaced in 2015. As previously described, our maintenance staff has replaced multiple main circulating fan motors, bearings, other fan motors and have completed extensive repairs to date. Already this spring, we experienced a significant failure of RTU-1 and replaced yet another main circulating fan (> 5 hp) motor. This is the third such motor replacement in the last 9 months. The anticipated major malfunctions have begun. I further recommend that City Council authorize that this project be funded by a transfer from General Fund – Fund Reserves, in an amount not to exceed \$600,000. This figure includes structural engineering, equipment, labor, crane rental and control system updates for Roof Top units (RTU) 1, 2, 3, 4, 5, Condensor Units (CU) 1 & 2, as well as the MUA/Evaporator.

City Hall was completed and occupied in 2001. The building is in excellent condition and has been maintained consistently at a high level. These rooftop units are not commodities that can be purchased from shelf stock. If a complete unit failure occurs, portions of City Hall would be without HVAC service for a minimum of six weeks while a new replacement unit is designed, permitted, purchased, built to specifications and then placed with a crane on the roof of City Hall. Further, the existing HVAC units utilize R22 refrigerant, which has been phased out due to environmental reasons. While it is still available, it is increasingly expensive to recharge the system. A thirty pound drum of R22 refrigerant to recharge a unit

costs approximately \$600, while a thirty pound drum of the newer R410 refrigerant can be purchased at a cost of \$75. Each of the HVAC units listed below has three or more internal compressors. In each of the last three years, we have replaced at least three compressors, at a cost of \$5,000 for each compressor. In addition, we are regularly and repeatedly replacing individual condenser fan motors. As these units age, their efficiency is reduced. Clearly this level of maintenance is a further indication that these units are used heavily and are approaching the latter phases of their useful life. Generally, the units described control the environment in the following spaces.

RTU-1	First Floor
RTU-2	Police Department
RTU-3	Second Floor (Public Services)
RTU-4	Second Floor (Administration & Finance)
RTU-5	Council Chambers
AHU-1 / CU-1	Lower Level
CU – 2	Information Technology Server Room

I request that this information be forwarded to the Planning and Public Works Committee of City Council and I further recommend that the City Council consider a supplemental appropriation of \$600,000, from the General Fund – Fund Reserves, for the planned replacement of the HVAC equipment described above. If funded, staff would expect to complete this work in 2015.

Finance Director Craig White has updated the estimated 2015 end of year General Fund – Fund Reserve balance to be \$4.28 million over the 40% reserve policy. I have separately processed a recommendation to accept the grant request to construct the Chesterfield Parkway East Pedestrian bridge. The cumulative impact of both requests, if approved by City Council, would reduce the excess fund reserve balance to \$2,925,821 OVER the specified 40% reserve requirement. The estimated end of year total General Fund – Fund Reserves is approximately \$14 million, still more than \$2.9 million over the 40% reserve threshold.

If City Council approves this project recommendation and funding allocation, Staff will compile bid packages and seek competitive proposals. As is normally the case, once bids have been received, Staff will forward a contract recommendation for Council approval. This request is simply to gain Council authorization and funding commitment to initiate the project.

Should you have questions or need additional information, please let me know.

Cc Craig White, Finance Director
Jim Eckrich, Public Works Director\City Engineer

→ P/PW COMMITTEE

OK'd
JWS
4/14/15