



AGENDA MEMORANDUM

Action Item for the City Council Meeting December 09, 2025

DATE: December 09, 2025

TO: Peter Zaroni, City Manager

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<p><u>Construction Change Order</u> Arena HVAC Improvements</p>

CAPTION:

Motion authorizing the approval of Change Order No. 3 with Central Air and Heating Service LLC, of Harlingen, TX, for the replacement of two existing 335-ton desiccant dehumidifiers at the Hilliard Center Arena, in an amount of \$693,371 for a total contract amount not to exceed \$4,718,343.80, with funding available from Type A Sales Tax (prior).

SUMMARY:

This change order authorizes an increase in contract value to remove and replace two existing 335-ton desiccant dehumidifiers completing the HVAC upgrades that are currently in construction.

BACKGROUND AND FINDINGS:

Arena HVAC Improvements Rebid construction contract was authorized by Council on February 18, 2025, in an amount not to exceed \$4,024,972.80 with FY 2025 Capital funding available from the Type A/B Sales Tax funds. The Type A Arena Sales Tax collection has expired after 25 years, and remaining funding has been allocated to the FY26 Capital Budget Arena. Construction of the Arena HVAC Improvements project began in April 2025.

The original contract scope encompassed the purchasing and replacement of the 1000-ton water-cooled chillers, two existing 1000-ton cooling towers (along with structural support), and the HVAC equipment controls. City procured the HVAC equipment from Trane through a Buy Board cooperative procurement to expedite the project. Delivery of the chillers occurred in August 2024, and the cooling towers were delivered in September 2024. Both HVAC chillers were installed by

July 2025.

City also purchased the dehumidifiers from Trane under the Buy Board procurement. Installation of dehumidifiers was not included in the first construction contract scope due to being longer lead items. The dehumidifiers were delivered by the manufacturer on November 24, 2025 and are currently stored in the Arena parking lot.

The initial design called for removing and replacing the new dehumidifiers in the same location. During the site visit contractors have expressed concerns over the workspace limitations, as they wouldn't be able to use a crane in the arena to remove the existing units and install the new units without impacting the Arena ice set up.

Based on the contractors' input, alternative locations were identified for the dehumidifiers and an alternate design was completed. This new location and work associated with preparing the space was advertised for bid as Phase Two of the Arena HVAC improvements project. On September 17, 2025, only one bid was received for \$1,867,991.41. The OPCC the project was \$1,660,640.00. Based on the fact that the only bid exceeded OPCC and the budget, the bid was rejected.

The 1st phase of the HVAC Improvement, chillers installation project, will be completed by Jan 2026. Given the fact that Central Air and Heating Service is still working on Phase 1, staff requested a change proposal from them for the dehumidifier installation. They provided a change order proposal in the amount of \$693,371 and requested an additional 90 days to complete the change order scope of work.

Staff had evaluated the alternative of re-advertising the dehumidifier installation for bid. The procurement and council approval process might delay the installation by four months and construction would extend into summer of 2026 which is a peak activity period for the Arena and not the ideal time to schedule construction. There was also a risk of bids over budget or no bids. The equipment also must continue to be stored until it is installed. Lastly, the dehumidifiers need to be replaced as soon as possible for the new chillers to work efficiently. The dehumidifiers eliminate fogging and condensation. They are also needed for ice rink humidity control which helps maintain the ideal hardness and smoothness of the ice. The existing dehumidifiers are in bad condition and could fail before the replacements are installed.

This change order will also allow the work to be completed before Buc Days and without any interruptions to major scheduled events at the Arena. This motion will authorize the installation of the dehumidifiers at the Arena via a change order in the amount of \$693,371 with an additional 90 days to complete the work. The revised substantial date will be April 2026.

As part of the arena HVAC upgrades, a condensate reuse feasibility study completed earlier this year. The study confirmed that condensate reuse at the complex is technically feasible. The study recommends recovering and treating condensate water from air handlers. That water could be routed to a central treatment skid and supplied to cooling towers to reduce reliance on make-up water from the distribution system.

The dedicated condensate reuse project has an estimated cost of \$925,000.00. The study estimated that condensate recovery could reduce make-up water demands by up to one-third and possibly pay for itself in eight years. Condensate recovery is being contemplated for inclusion into a future project for the Convention Center HVAC System & Chiller Replacement project. The current project with regenerating desiccant does not produce a liquid condensate stream.

ALTERNATIVES:

Council can elect not to authorize the change order. Since the replacement of the dehumidifiers is required to complete the arena HVAC improvements, staff will have to re-advertise for bids. Not approving this change order will delay the replacement of the dehumidifiers and could potentially increase costs.

FINANCIAL IMPACT:

On May 15, 2023, the Corpus Christi Business and Job Development Corporation approved the request for funding in the amount of \$6,500,000 from the Type A Arena Fund. On May 23, 2023, City Council approved budget appropriation transferring funds to the Arena Capital Improvement Fund. Additional funds were allocated in FY2025 to cover additional project cost for a total amount of \$9,470,000 in the Capital Budget Type A Arena Fund.

The fiscal impact for FY 2026 is an amount of \$693,371.00 with funding available from the Capital Budget Type A Sales Tax – Arena (2000).

FUNDING DETAIL:

Fund: Arena Type A (Fund 3274)
Department: Economic Development (57)
Organization: Grants & Capital Projects (89)
Project: Arena HVAC Improvements (Project No. 23195)
Account: Construction (550910)
Activity: 23195
Amount: \$693,371.00

TOTAL \$693,371.00

RECOMMENDATION:

Staff recommend approval of Change Order No.3 in an amount of \$693,371 and an extension of 90 days, with Central Air and Heating Service LLC., Harlingen, Texas, for the replacement of two existing 335-ton desiccant dehumidifiers at the Hilliard Center Arena.

LIST OF SUPPORTING DOCUMENTS:

Change Order
Location and Vicinity Maps
CIP Page
COF