



AGENDA MEMORANDUM

Future Item for the City Council Meeting of July 12, 2016
Action Item for the City Council Meeting of July 19, 2016

DATE: June 17, 2016
TO: Margie C. Rose, Interim City Manager
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Resolution authorizing emergency expenditure for HVAC system at the American Bank Center.

CAPTION:

Resolution authorizing the emergency expenditure of \$70,000 for HVAC repair at the American Bank Center, which was approved by the Corpus Christi Business and Job Development Corporation on May 16, 2016.

PURPOSE:

The purpose of this item is to ratify the City Manager's approval of waiving the bid process for an emergency expenditure to repair the HVAC system at the American Bank Center Arena.

BACKGROUND AND FINDINGS:

The American Bank Center Arena's HVAC system contains two chiller units (Chiller No. 1 and Chiller No. 2). The Arena's Chiller No. 2 experienced an internal failure in May, rendering it unusable and requiring a complete overhaul. Until Chiller No. 2 is repaired, Chiller No. 1 must provide all of the cooling for the building. This presents an emergency situation because if Chiller No. 1 fails, there would be no cooling in the Arena and major parts of the Convention Center.

On May 11, 2016 SMG submitted a written request for an additional \$70,000 to fund this emergency repair. After receipt of this request, staff identified that the funding was actually available, so no allocation of funds was necessary; but the bidding process for the repair was to add an extensive time period before work could begin. With the approaching commencement ceremonies guaranteed to place thousands in the Arena over the coming weeks, this was considered an emergency situation. Per the City Charter, the City Manager has the authority to waive the bidding requirements for emergency purchases above \$50,000. Per SMG's Management Agreement, *"the City agrees to respond to any request of Operator for an Emergency Expenditures within 24 hours from receipt of the request."* Emergency Expenditure is defined as *"any expenditure to the extent not included within an Approved Budget and not expected by the Operator to be incurred but which is necessary to correct any condition that poses an imminent threat to public safety or material damage to the Facility."*

The City Manager provided written approval to proceed with the repair on May 12, 2016. On May 16, 2016, the Type A Board passed a motion approving an emergency expenditure of \$70,000 for the repair of the HVAC system. The Council is now being asked to approve the action of the Type A Board.

ALTERNATIVES:

The alternative was to not approve the repair and extend the time that Chiller No. 1 serves the entire Arena facility, risking complete failure of the HVAC system.

OTHER CONSIDERATIONS:

This item highlighted opportunities for improvement of processes following changes in City and SMG staff.

CONFORMITY TO CITY POLICY:

The City Manager has authority to waive the bidding requirements for emergency purchases above \$50,000.00 as outlined in the City Charter.

EMERGENCY / NON-EMERGENCY:

Non-emergency

DEPARTMENTAL CLEARANCES:

Type A Board approved this emergency expenditure on May 16, 2016.

FINANCIAL IMPACT:

X Operating ☐ Revenue ☐ Capital ☐ Not applicable

Fiscal Year: 2015-2016	Current Year	Future Years	TOTALS
Line Item Budget		\$607,797.77	\$607,797.77
Encumbered / Expended Amount		\$198,236.77	\$198,236.77
This item		\$70,000.00	\$70,000.00
BALANCE		\$339,561.00	\$339,561.00

Fund(s): Visitors Facility Fund – Arena Maintenance / Improvements

Comments: None

RECOMMENDATION:

Staff recommends approving this emergency expenditure for Chiller 2 at the American Bank Center Arena.

LIST OF SUPPORTING DOCUMENTS:

Resolution – SMG HVAC Emergency Expenditure
American Bank Center Request - HVAC Emergency Expenditure
City Manager Approval – HVAC Emergency Expenditure