

## AGENDA REPORT

TO: Mayor Pat Humphrey & City Commission  
FROM: Jeremy Howard, City Manager  
DATE: April 14, 2022  
RE: Approve Sole Source Bid and Award Contract – City Hall Boiler

For the Agenda of April 18, 2022

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**Background.** In May 2021, the heat exchanger and front panel gasket in the boiler located in City Hall failed causing CO2 to leak heavily from the unit, thus the boiler had to be shut down and removed from the building per State of Michigan and insurance requirements. The Burnham steam boiler was built in 2000. The expected life of this type of boiler is a minimum of 25 years and the boiler was covered by insurance at replacement cost less a \$500 deductible. As such, our insurance company (MML) covered the loss and issued a check (\$39,182) to cover the replacement.

DPW Director Luke Potter made numerous attempts over months and months to obtain quotes to replace the boiler but his requests went unanswered. In October 2021, our insurer informed us that there is a cast iron shortage and companies are not willing to provide pricing. Thankfully, it was discovered that Gateway Refrigeration Heating and Cooling is certified in steam boiler installation and they are able to obtain a suitably sized steam boiler to install at City Hall (*see Luke Potter's att'd memo for more information*). At the time of installation in 2000, the boiler was used to heat all three floors (first, second and basement) of the building. Since the radiators were removed from the second-floor several years ago during the remodel and we use a roof top, forced air unit to heat that floor area, we do not need to install as large of a steam boiler unit.

Due to the fact that after almost a year we were unable to get any installer come take a look at the boiler or even give us a quote on a replacement, I am now asking the City Commission to approve the sole source purchase and installation of a new boiler system from Gateway Refrigeration Heating & Cooling.

**Issues & Questions.** Should the City Commission approve the request to allow a sole source boiler purchase and installation work by Gateway Refrigeration Heating & Cooling?

**Alternatives.**

1. Approve the sole source purchase request.
2. Disapprove the sole source purchase request.
3. Set aside decision regarding this matter to a later date.

**Financial Impact.** As reflected on the quote (*att'd*) from Gateway Refrigeration, the total cost for the boiler and installation is \$14,859.00. Funding for this purchase is available from the check received from our insurance company. We are hoping to use the remaining funds from the insurance payment to fund the much-needed window replacements at City Hall which will help keep the heat in the building better and make the smaller more efficient boiler work well in combination with the rooftop heating for the building.

**Recommendation.** I recommend approval of the sole source purchase and installation work to Gateway Refrigeration Heating & Cooling by adoption of attached Resolution 2022-035 (*copy att'd*)

**Attachments.**

1. Memo from DPW Director Luke Potter.
2. Gateway Refrigeration Estimate.
3. Resolution 2022-035.

# Memo

**To:** Jeremy Howard  
**From:** Luke Potter  
**CC:** Department of Public Works  
**Date:** Wednesday, April 13, 2022  
**Re:** City Hall's Steam Boiler

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The City had put in a claim for the City Hall's steam boiler 11 months ago after the existing boiler broke down with MML and we finally received the check to replace it. I am recommending the city sole source a new steam boiler for \$14,859.00 installed by Gateway Refrigeration. Gateway Refrigeration is located in our north industrial park.

Thank you,



-Luke Potter

Clare Department of Public Works

Date	Quote #
1/19/2022	1243

Name / Address
CITY OF CLARE 202 W. 5th St. CLARE, MI 48617

Rep	Project

Item	Description	Qty	Cost	Total
BID	Install a Slant Fin GXHT-300HEZ NG steam boiler. CSD-1 controls.	1	14,859.00	14,859.00
			<b>Total</b>	<b>\$14,859.00</b>

**RESOLUTION 2022-035**

**A RESOLUTION OF THE CLARE CITY COMMISSION APPROVING THE SOLE SOURCE PURCHASE OF A BOILER FOR CLARE CITY HALL.**

**WHEREAS**, the heat exchanger and front panel gasket failed on the steam boiler located at City Hall, causing CO2 to leak from the unit and rendering the boiler unit unusable; and

**WHEREAS**, following an insurance adjuster's inspection of the boiler unit, it was determined to be unrepairable; and

**WHEREAS**, city staff requested quotes for the replacement and installation of said boiler from certified installers; and

**WHEREAS**, the City received one estimate from Gateway Refrigeration who are certified to install steam boilers; and

**WHEREAS**, Gateway Refrigeration is able to obtain a steam boiler that will provide the heating capacity needed to heat the main floor and basement at Clare City Hall;

**NOW THEREFORE BE IT RESOLVED THAT** the City Commission of the City of Clare hereby approves the sole source purchase and installation of a boiler from Gateway Refrigeration Heating & Cooling in the amount of \$14,859.

**ALL RESOLUTIONS AND PARTS OF RESOLUTIONS INsofar AS THEY CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION BE AND THE SAME ARE HEREBY RESCINDED.**

**The Resolution was introduced by Commissioner \_\_\_\_\_ and supported by Commissioner \_\_\_\_\_.  
The Resolution declared adopted by the following roll call vote:**

**YEAS:**

**NAYS:**

**ABSENT:**

**Resolution approved for adoption on this 18<sup>th</sup> day of April, 2022.**

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**Diane Lyon, City Clerk**