



# City of CHARLOTTE

## MEMORANDUM

TO: Mayor Lewis and City Council Members

FROM: Gregg Guetschow, City Manager

SUBJECT: Gunthorpe Mechanical Invoice

DATE: January 6, 2016

During your December 28 meeting, Council withheld authorization for payment of an invoice from Gunthorpe Mechanical, Inc. in the amount of \$10,166.85 until additional information could be provided.

The project to which this invoice relates involved the replacement of furnaces in three well houses. Three furnaces are located in chemical rooms; two additional furnaces are located in pump rooms. The purpose of these furnaces is to maintain temperatures suitable for the operation of the well equipment. They were installed as part of a planned and budgeted maintenance effort aimed at upgrading equipment showing signs of deterioration due to exposure to the chemical environment found in the well houses.

The cost breakdown of the invoice is \$6013.11 for furnaces and blower packages and \$4153.74 for labor and miscellaneous hardware and supplies.

The furnaces units are off-the-shelf items. The original plan was to purchase these units directly from a catalog supplier such as Grainger Industrial Supply. In exploring costs during the time of budget preparation, however, it was found that Gunthorpe Mechanical could supply the same units at a lower cost.

As was noted during the December 28 meeting, Gunthorpe Mechanical routinely provides maintenance services related to mechanical and heating equipment in various City buildings. For installation services of this type and cost, we would not typically have sought competitive pricing.

Had the City proceeded with the original plan to acquire the furnaces and blower packages from a catalog supplier, we would have met ordinance requirements related to purchasing by providing competitive cost information to Council and seeking its approval to acquire the units. When supply of the furnace units was added to the installation contract, however, either sealed bids should have been solicited or Council should have been asked to approve the contract while waiving the bidding requirement.

Through an oversight on the part of the utilities superintendent neither of these options was pursued. He has been counseled regarding compliance with ordinance requirements related to purchasing.