

METROPOLITAN EXPOSITION-RECREATION COMMISSION

RESOLUTION NO. 95

Approving expenditure of funds in the Capital Expenditure Budget of the Portland Center for the Performing Arts for the purpose of purchasing a new boiler for the New Theatre Building and requesting METRO General Counsel to pursue possible legal action.


The Metropolitan Exposition Recreation Commission finds:

1. That the boiler at the New Theatre Building of the Portland Center for the Performing Arts has failed after three and one half years of operation due to problems within the fire box;
2. That immediate boiler replacement is required to provide heat in the approaching fall and winter seasons;
3. That the boiler had a one year warranty;
4. That there may be other implied warranties or responsibilities from the manufacturer.
5. That funds are available in the aggregate Capital Budget for the Portland Center for the Performing Arts, although not specifically designated for boiler replacement;
6. That the estimated amount of expenditure is below the formal bid amount of \$31,000;

BE IT THEREFORE RESOLVED:

1. The Commission authorizes expenditure of funds (approximately \$29,000) from the Capital Budget of the Portland Center for the Performing Arts for purchase of a new boiler for the New Theatre Building.
2. That Metro General Counsel be directed to pursue possible legal action for recovery of costs of the original boiler based on its failure after approximately three and one half years of service.

Passed by the Commission on September 19, 1990.


Chair


Secretary/Treasurer

APPROVED AS TO FORM:


Metro General Counsel

Metropolitan Exposition-Recreation Commission

PO Box 2746, Portland, OR 97208 • 503/731-7800 • 777 NE Martin Luther King Jr. Blvd.

September 14, 1990

MEMORANDUM

TO: Metropolitan Exposition-Recreation Commission
FROM: Mark Hunter - Assistant to the General Manager *MHP*
SUBJECT: Portland Center for the Performing Arts New Theatre
Building Boiler

Introduction

The heat producing mechanism (boiler) for the New Theatre Building is presently out of service due to failure of interior tubing within its fire box. Cost to repair this "boiler" is estimated at \$25,000. Replacement cost is approximately \$29,000.

Background

In early May of 1990 a malfunction was discovered in the Cleaver Brooks boiler at the New Theatre Building of the Portland Center for the Performing Arts. The malfunction was due to failure of interior water circulating tubing within the "firebox" of the boiler. The boiler tubing that failed was repaired and the boiler was put back into service. It was anticipated by the repair technician that further problems could occur and in fact they did in late May in the form of another tube leak. Staff began investigating various options for correction of the problem following the occurrence of the first leak and also began researching warranties and boiler history in early June.

By late June and early July several determinations had been made including the following:

- (1) The existing boiler was not the boiler originally specified, but due to budget reductions, was downgraded. The total cost savings for downgrading the boiler was \$1,900.00.

- (2) The boiler had a one year warranty.
- (3) The boiler could be re-tubed for a cost to be determined by the installer and manufacturer. Staff requested this cost on June 11, 1990.
- (4) Other boiler systems could be utilized for this application including the type of boiler that was originally specified for the building prior to the budget cuts.

During this period of time, staff also began researching new boiler systems in anticipation of replacement if the re-tubing of the boiler was not feasible.

In late July and early August, staff began receiving factory information and costs for boiler systems that would fit the NTB application. Re-tubing costs for the existing unit had not yet been received even though staff had attempted many times to obtain this information. Finally in late August, the re-tubing cost for the boiler was received, the estimated amount of repair being \$25,000. Staff assessed this re-tubing cost in comparison to the cost of a new boiler and assessed the potential benefits if the boiler were to be replaced entirely.

During this assessment period, staff took into consideration that the present boiler had a poor history of performance and our model had been taken off the market. It was also determined that the type of boiler should be changed to lessen the risk of "thermal shock damage" due to the application and function of the unit in a theatre building environment. The cost of a new boiler of this type would be \$3,870 more than the re-tubing of the old one, or a cost of \$28,870 to have the new unit purchased and installed.

Financial Considerations

Cost of a replacement boiler of the same type that is presently in the NTB would be around \$50,000. Changing the type of boiler to that which was originally specified for theatre application would be \$28,870. Re-tubing of the existing boiler for \$25,000 would not provide any assurance that system would not again fail.

Budget Considerations

Money to replace the boiler is available in the aggregate capital budget for the PCPA facilities, but it is not specifically budgeted. Capital funds previously designated for the "dimmer system" at the Civic Auditorium will be utilized as it is not feasible to proceed with the dimmer project at this time.

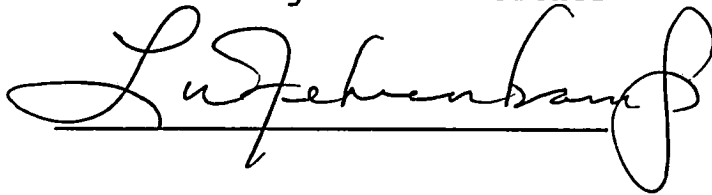
Other Considerations

Staff has not yet abandoned some sort of reparation from the boiler manufacturer even though the warranty had expired. Most boilers last a much longer period of time even though a one year guarantee is common in the industry. Staff is soliciting the assistance of the architect to help in this matter.

Summary & Recommendation

Cold weather months are soon approaching and it is imperative that a new boiler be obtained for the New Theatre Building. Staff and its consulting engineers are recommending purchase of a locally available cast iron boiler following comparison of prices for like designs in the industry. Staff is recommending that this purchase and installation cost of approximately \$29,000 be taken out of the aggregate capital budget for the Portland Center for the Performing Arts.

General Manager's Concurrence

A handwritten signature in cursive script, appearing to read "L. J. Fehrbach", is written over a horizontal line. The signature is fluid and extends to the right of the line.