

October 25, 2024 (DELIVERED VIA E-MAIL)



Bruce Reimers
General Manager
New Prague Utilities Commission
118 Central Ave N
New Prague, MN 56071

**Re: Letter of Recommendation
Furnishing Diesel Generating Equipment
DGR Project No. 417209**

Dear Bruce:

On October 24, 2024, bids were received for Furnishing Diesel Generating Equipment to New Prague Utilities Commission. A bid tabulation and summary form are included with this letter.

The bid item for consideration includes four new diesel-fired generators suitable for installation with a remote radiator. For this scope of supply, the Utility received one bid from Ziegler Inc. for a base bid price of \$9,651,043.00. Optional pricing was offered for an extended warranty, exhaust silencer, generator stator and bearing temperature measurement, and ethylene glycol (engine coolant).

DGR Engineering has completed our review of the bid from Ziegler. The Ziegler offer includes Caterpillar C175-16 Tier 4 final generators, which have been manufactured since 2009. The pricing received is in alignment with recent bid openings for other area utilities. The proposed "URGE" or "GVTC" output rating of each generator is 2,800 kW and Ziegler specified a current delivery schedule of Quarter 4, 2027.

Ziegler's bid included proposed modifications to the contract language. Primary changes were related to the application of liquidated damages, should they be unable to meet the project schedule, the addition of language related to the limitation of liability and insurance, and the inclusion of an alternate payment schedule. DGR recommends that New Prague Utilities Commission engage your legal counsel for assistance in the development of terms that are mutually agreeable to both parties.

We are familiar with Caterpillar gensets and know of no reason why Ziegler would not perform well on this project. DGR has had the opportunity to install several of these units in Minnesota and Iowa. Ziegler has an extensive service network, and we understand that the Utility's previous experience with them has also been positive.

With the above in mind, we recommend that the New Prague Utilities Commission consider an award to Ziegler Power Systems for the Base Bid. Further, we suggest that the Commission consider awarding the extended warranty and generator stator and bearing temperature

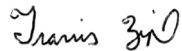
measurement as part of the award. The total contract is estimated to be \$9,757,243.00.

The Engineer would like to notify the Commission of the future cost associated with the filling of coolant in each of the generators. Ziegler offered "per gallon" pricing in their bid, and this price will be honored at the time of installation in 2027/2028. Since the final location of the radiators and pipe routing has not been set, the system volume cannot be determined. We do estimate the facility will require approximately 4,000 gallons of coolant, resulting in a potential cost (add) of \$84,000.00, payable at the project commissioning / closeout. Please consider as an adder to the total contract amount specified above.

Please review the above and pass our recommendations to the Commission. Feel free to contact us with any questions you or the Commission may have. Thank you for the opportunity to offer this letter for your consideration.

Best Regards,

DGR Engineering

A handwritten signature in black ink, appearing to read "Travis Zipf".

Travis Zipf, P.E.

Enclosures
TLZ:ste