

MEMORANDUM

TO: MAYOR JENSEN AND BOROUGH ASSEMBLY
FROM: KARL HAGERMAN, UTILITY DIRECTOR 
SUBJECT: AWARD RECOMMENDATION: CATERPILLAR 399 IN-FRAME OVERHAUL
DATE: 2/17/2022
CC: STEVE GIESBRECHT, MANAGER
DEBRA THOMPSON, CLERK

PMPL is planning to overhaul one of our smaller diesel generators. The Caterpillar D399 is a 1978 unit that has a 780kW output and is used quite frequently by operations staff to add smaller amounts of generation for system load peaks when the diesel power plant is operating.

A Request for Proposals was issued and advertised in the Petersburg Pilot on January 27th and February 3rd. The RFP was also sent directly to known vendors capable of providing the overhaul parts and service. The deadline for submissions of proposals was on February 11, 2022.

Only one proposal was received from NC Machinery/NC Power Systems in Juneau, Alaska for a cost of \$158,572.11. The proposal was responsive to the requirements of the RFP. PMPL and the Borough have done business with NC Machinery for decades and has full confidence in their ability to complete the overhaul in a timely manner and with a high quality of workmanship. The contractor has parts available immediately and can schedule the work for the end of March or early April 2022.

Capital Project Fund 755, Cat 399 In-frame Overhaul, with a balance of \$125,000, was created to fully cover costs of the work, however the fund balance is now insufficient. In talking with NC Machinery, recent rebuilds of similar engines have shown to take longer than previously quoted and this has caused the cost to increase above our expectation. PMPL will combine funds approved within the FY22 budget to fully pay for the work. A transfer of \$35,000 from the Electric Fund - Professional Services acct 410 000 501410 to Capital Project Fund 755 will be brought forward in the next supplemental budget to address the funding for this work. The transfer is possible as a Crystal Lake Dam Break and Inundation Study that was planned for the utility in this fiscal year, and budgeted to cost \$50,000, will not be undertaken at the advice of our hydro site safety consultant.

Therefore, **I recommend that the Borough Assembly approve the award of the Caterpillar 399 In-frame Overhaul project to NC Machinery/NC Power Systems of Juneau Alaska for a cost, not-to-exceed \$158,572.11.**

Please let me know if there are questions. Thank you for your consideration.
