

MEMORANDUM

TO: Mayor and City Council

FROM: Faye Stewart, Public Works & Development Director

SUBJECT: CITY COUNCIL APPROVAL OF PURCHASE OF A USED
800 KW CATERPILLAR GENERATOR

DATE: January 4, 2023

Background

On November 4, 2022, the City's Caterpillar 800 kw backup generator for the Water Reclamation Facility (WRF) experienced an engine failure. The unit was having its annual load test and the engine seized. Staff, with the support of Legacy Power Systems, brought in a backup generator for the WRF to cover while a plan was developed to repair or replace the failed generator. The backup generator costs the City \$17,833.30 per month to rent. Two power failures at the WRF since November 4th have required the leased generator to provide power to the WRF.

The City's generator was taken to Peterson Caterpillar in Glenwood to determine: 1) why the engine failed; and 2) costs associated with rebuilding the engine. The exact cause of the failure has not been determined, other than it was an oiling system failure in the bottom end of the engine. Rebuilding the engine is estimated to cost \$142,962.30. At this time, it is unknown when the parts to rebuild will be available and when the rebuild would be complete.

To vet City options, staff searched for used generators and located one used 800 kw Caterpillar generator in Colorado at Generator Source. The located unit is identical to the City's generator. It is a 2002 model with 1347 hours on the unit. This unit is offered at \$175,000 and available for purchase and shipping today. Generator Source tests each unit and offers a satisfaction guarantee for every unit they sale.

Staff also researched new unit prices, which start at \$340,000 and increase based on make and model. Delivery from the manufacturer's facility in Georgia for a new Caterpillar 800 kw generator is estimated at least 70 weeks after ordering (and likely longer).

After reviewing all options available to repair or replace the failed WRF generator, factoring in repair/replacement costs, back up monthly rental costs, and available times for replacement, staff recommends that the City purchase the used 2002 Caterpillar 800 kw generator from Generator Source. The generator could be installed and operational by the end of January, avoiding the need to pay another month for the backup generator rental.

City Public Contracting Rule E-15, Purchase of Used Personal Property, adopted pursuant to Oregon Revised Statute 279B.085, allows the City to immediately procure used equipment without competitive bidding or procuring quotes if the purchase is unlikely to encourage

favoritism or substantially diminish competition. The purchase must also either result in cost savings to the City or the public, or otherwise promote the public interest in a manner that could not be realized by a formal competitive solicitation process.

Here, the City is in dire need of a generator for a critical public water system facility. No adequate new equipment is available at any cost for at least 70 weeks, and likely longer. Repairing the existing failed generator is costly and has no associated timeline. Staff has surveyed the market and learned that the used equipment will adequately replace the failed generator in a timely manner, and at a significant cost savings to the City of at least \$165,000. This savings amount does not take into account rental costs of potentially \$1.2 million incurred during the time the City awaits a new replacement or repaired model.

For the above reasons, staff concludes that the City should take advantage of this unique opportunity to obtain the necessary equipment at a discount. Based upon staff's research, market survey, and inquiries, purchase of the available used generator would have no impact on competition, nor show favoritism to any particular vendor. All the criteria in E-15 has been met, allowing City Council to approve the used property purchase.

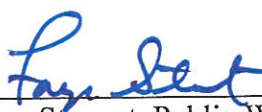
Recommendation

Staff recommends that the City Council authorize the City Manager to sign the necessary agreement and associated documents to purchase the 2002 used Caterpillar generator from Generator Source for \$175,000, plus shipping estimated at \$7,500, and any separate contract required for installation (estimated at \$18,000), pending Legal Counsel review and approval.

Cost

The \$175,000 purchase price, shipping and installation costs will be paid by the Wastewater Reserve Fund.


Richard Meyers, City Manager


Faye Stewart, Public Works &
Development Director



Faye Stewart <pwdirector@cottagegrove.org>

RE: 800kW CAT Diesel Generator *In Stock*

1 message

Jared Outram <Jared@generatorsource.com>
To: "pwdirector@cottagegrove.org" <pwdirector@cottagegrove.org>

Wed, Jan 4, 2023 at 11:05 AM

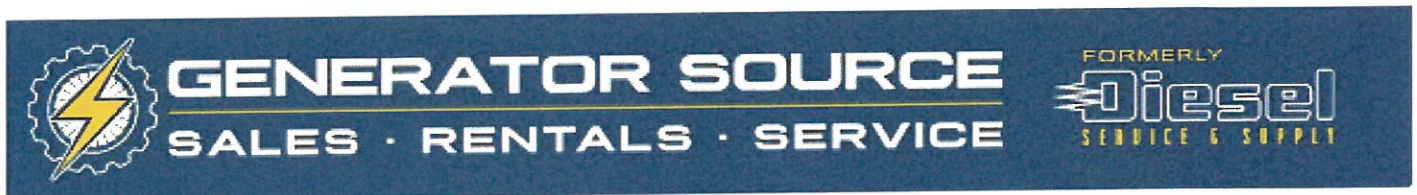
I low balled you a little bit on the fright, it came back at \$7,500.00-

Regards,

Jared Outram
Account Manager
Generator Source
D: 303-558-8399 C: 214-288-0387



From: Jared Outram
Sent: Wednesday, January 4, 2023 11:51 AM
To: pwdirector@cottagegrove.org
Subject: 800kW CAT Diesel Generator *In Stock*



89603 800kW CAT Generator

Jared Outram

303-558-8399



Generator Set Specs

Unit #:89603

Manufacturer:Caterpillar

Capacity:800 kW

Rating:Standby

Voltage:277/480 V

Amps:1200 AMPS

Hertz:60 Hz

Phase:Three-Phase

Location:Brighton, Colorado

of Leads:12 Lead

Model #:SR4

Controller:Digital

Serial #:AFR0D367

Engine Specs

Make:Caterpillar

Hours:1347

Fuel:Diesel

Model #:3412

Serial #:BCG00459

Additional Features:

- ▶ Sound Attenuated Enclosure
- ▶ Auto Start/Stop
- ▶ Safety Shut Down
- ▶ 24v Volt Alternator
- ▶ Dry Pack Air Cleaner
- ▶ 1200 Amp Circuit Breaker
- ▶ Muffler
- ▶ Tank Block Heater
- ▶ Digital Generator Panel
- ▶ Digital Engine Panel
- ▶ Engine Mount Radiator
- ▶ Approx. 2200 Gallon Double Wall Base Fuel Tank.

Overall Dimensions: 233 x 90 x 137

Overall Weight: 30,000 lbs.

\$175,000.00 FOB Brighton, CO

Jared Outram
Account Manager