



TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting General Manager

DATE: January 25, 2022

RE: **Exempting the Procurement of Bailey Generator No. 3 Spare Parts from the Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code – Fairbanks Morse Defense**

The motion detailed below was prepared at the request of Acting Electric Division Manager Jeremy Bynum, who asked that it be placed before the City Council for consideration at its meeting of February 3, 2022. If adopted, the motion provides for exempting the procurement of Bailey Generator No. 3 (BAG3) spare parts from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code and authorizing the acquisition of such parts from Fairbanks Morse Defense at a cost of \$32,645.56, which includes shipping.

Subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code provides for exempting the purchase of such annual support services from competitive bidding/quotation when:

“Supplies, materials, equipment or contractual services which should be purchased from a specific source in order to prevent incompatibility with previously purchased supplies, materials, equipment or contractual services. For the purpose of this paragraph, the term ‘incompatibility’ is defined as:

- (A) The inability to interconnect, combine, interchange, or join; or
- (B) That which causes substantial duplication in maintenance, expertise or training or in the stocking of parts, materials, supplies or replacements. Any purchase which is to be excluded from competitive bidding by authority of this subparagraph which exceeds \$10,000, must first be approved by the council.”

The rationale for the exemption is detailed in Mr. Bynum’s transmittal memorandum and no elaboration on the part of the Acting General Manager’s office. I concur with the Acting Electric Division Manager’s recommendation.

Mr. Bynum will be attending the City Council meeting of February 3, 2022, in order to address any questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

RECOMMENDATION

Pursuant to subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code, it is recommended that the City Council adopt the motion exempting the procurement of Bailey Generator No. 3 spare parts from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code; authorizing the Acting General Manager to purchase such parts from Fairbanks Morse Defense at a cost not to exceed \$32,645.56; and approving funding from the Electric Division's 2022 Operating Equipment, Generation and Powerhouse Spare Parts capital account.

Recommended Motion: Pursuant to subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code, I move the City Council exempt the procurement of Bailey Generator No. 3 spare parts from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code; authorize the Acting General Manager to purchase such parts from Fairbanks Morse Defense at a cost not to exceed \$32,645.56; and approve funding from the Electric Division's 2022 Operating Equipment, Generation and Powerhouse Spare Parts capital account.



Electric Division
1065 Fair Street
Ketchikan, AK 99901

Phone: (907) 225-5505
Fax: (907) 247-0755

TRANSMITTAL MEMORANDUM

TO: Lacey Simpson, Acting KPU General Manager

FROM: Jeremy T. Bynum PE, Acting Electric Division Manager

DATE: January 26, 2022

SUBJECT: Bailey Generator No. 3 (BAG3) Spare Parts

This is a request for Council approval for exemption to competitive bidding of Fairbanks Morse Defense parts used for Bailey Generator No. 3 (BAG3) spare parts.

The exemption to competitive bidding in accordance with KMC 3.12.050(a)(6) is required because this improvement can only be provided by a specific source and to prevent incompatibility with existing systems.

BAG3 is a critical part of KPU's generating capacity during low reservoir conditions, emergencies, and power outage restoration. In the event of a piston failure, having these critical spare parts in inventory is important for continued operation of BAG3. These OEM (Original Equipment Manufacturer) parts are specific to BAG3 and only provided by the manufacture, Fairbanks Morse Defense.

The total cost for these spare parts is \$32,645.56, which includes \$30,645.56 for two (2) pistons, associated piston rings, and an estimated \$2,000.00 for shipping.

Recommendation: It is recommended that the City Council authorize the exemption to competitive bidding of Fairbanks Morse Defense parts for Bailey Generator No. 3 spare parts in the amount of \$30,645.56 with estimated shipping of \$2,000.00 for a total of \$32,645.56; approving funding from the Electric Division's 2022 CIP Operating Equipment, Generation and Powerhouse Spare Parts.

Attachment: 20220126 Council - Q-01685.pdf
20220126 Council – CIP15.pdf

Cc: Mark Adams, Electric Division Operations Manager
Kim Hendricks, Administrative Assistant
Diane Bixby, Administrative Assistant

Fairbanks Morse Defense

701 White Avenue
Beloit, WI 53511
Phone: 800-356-6955
Fax: 608-364-8411

Quote To

KETCHIKAN CITY OF
334 FRONT ST
KETCHIKAN, AK 99901
US
SCOTT MAY
Phone:
Fax:
scottm@city.ketchikan.ak.us

Quote #:	Q-01685
Date:	11/22/2021
Ref:	EMAIL 11/10/2021
Req:	
Sales Rep:	Nick Radean
Expires On:	1/17/2022
Payment Terms:	Net 30
Freight Terms:	Prepay & Add
Customer Terms:	Firm Fixed Price
Shipping Incoterm:	FOB Origin
Currency:	USD

Line	PO Item	QTY	UNIT	PART #	DESCRIPTION	AVAILABILITY TO SHIP (DAYS)*	NET PRICE	EXTENDED
1	001	2	EA	P09990	PISTON, TWO PIECE	Stock	\$14,295.23	\$28,590.46
2	002	2	EA	P12612105N PLEASE NOT FM P/N FOR S309100	RING, SEALING U.S.CONTENT	Stock	\$494.33	\$988.66
3	003	2	EA	P12612120N PLEASE NOTE FM P/N FOR S309135	RING, SCRAPER ASSY	Stock	\$125.30	\$250.60
4	004	2	EA	P12612106N	RING, COMPRESSION	Stock	\$407.92	\$815.84
							TOTAL:	\$30,645.56

TOTAL: \$30,645.56

*Subject to prior sale, after receipt of order.

Contact: Tania Nicholson	Fax: (608) 364-8411	FMD Authorized Agent:
Telephone: (608) 364-8026	Email: tania.nicholson@fairbanksmorse.com	<i>Tania Nicholson</i>

QUOTATION IS VALID FOR 30 DAYS

PRICES F.O.B. FACTORY COMMERCIAL DOMESTIC PACKAGING

PAYMENT TERMS: UNLESS OTHERWISE AGREED UPON IN WRITING, TERMS OF PAYMENT ARE CASH, IN UNITED STATES DOLLARS, IN FULL, WITHIN THIRTY (30) DAYS FROM DATE OF SHIPMENT. A SERVICE CHARGE FOR LATE PAYMENT MAY BE ASSESSED AT AN INTEREST RATE OF 1.5% PER MONTH (OR SUCH OTHER RATE ALLOWABLE BY LAW). ALL ORDERS ARE SUBJECT TO THE APPROVAL OF COMPANY'S CREDIT DEPARTMENT AND COMPANY MAY REQUIRE FULL OR PARTIAL PAYMENT IN ADVANCE.

ITEMS SHOWN IN STOCK ARE SUBJECT TO PRIOR SALE

PLEASE REFERENCE FAIRBANKS MORSE ENGINE QUOTATION NUMBER WHEN PLACING ORDER

PLEASE NOTE: FAIRBANKS MORSE ENGINE HAS A \$500.00 MINIMUM ORDER/SHIPMENT VALUE REQUIREMENT (DOES NOT INCLUDE CERTIFICATION FEES OR FREIGHT CHARGES THAT MAY APPLY)

QUOTATION IS SUBJECT TO THE ACCOMPANYING TERMS & CONDITIONS (BF5398)

TERMS & CONDITIONS

These standard terms and conditions shall apply to and form a part of this order and cannot be modified or amended except as expressly agreed to in writing by an authorized representative of Fairbanks Morse, LLC (the "Company" or "Fairbanks Morse").

1. ACKNOWLEDGMENT AND ACCEPTANCE All finished goods, parts and services are sold only under the terms and conditions of this acknowledgment and any other terms and conditions on Purchaser's Purchase Order, acknowledgement or other documents unless specifically agreed to and acknowledged by an authorized representative of Fairbanks Morse are rejected and shall be deemed inapplicable notwithstanding any provisions in the Purchaser's Purchase Order to the contrary. In the event Purchaser accepts any articles or services which are listed on the face hereof; such performance by Purchaser shall be deemed acceptance to and acknowledgement of all the terms and conditions contained herein.

2. DELIVERY Except as may be specified on the face of this acknowledgment, delivery will be F.O.B. point of shipment. Shipping dates are estimates which are not guaranteed and are based upon prompt receipt of all necessary information. Company shall in no event be liable for delays caused by fire, acts of God, strikes, labor difficulties, acts of governmental or military authority, pandemics, delays in transportation or in procuring materials of any kind or other events beyond Company's control.

3. WARRANTY Company warrants to Purchaser that the equipment sold herein under shall be free from defects in material and workmanship. Should any failure occur within twelve months after date of installation but not exceeding eighteen months after date of readiness for shipment, Company shall upon prompt notification and substantiation that said equipment was properly stored, installed (if not installed by Company), adequately maintained and properly operated under normal conditions with competent supervision correct such non-conformity at its option by repairing any defective part or parts or by supplying a repaired or replacement parts or parts, F.O.B. Company's factory; provided that, at the option of Company, parts claimed to be defective shall be returned to Company's factory for inspection, transportation charges thereon prepaid by Purchaser. All warranties with respect to machinery, apparatus, accessories, materials or supplies not manufactured by Company shall be limited to their respective warranties of the manufacturers thereof, if any, which Company will be extended to Purchaser as permitted. The foregoing shall be Company's sole obligation under this warranty. In no event shall Company be responsible for providing working access to the defect, including disassembly or reassembly of the equipment, nor shall Company be liable for the cost of any repairs or alterations made by others except those repairs or alterations made with its specific written consent, nor shall Company be liable for any damages or delays whether caused by defective workmanship, material or otherwise. Company further warrants that all services performed by it for Purchaser in installation or repair of equipment or parts thereof will be performed in a good and workmanlike manner. Company's obligation and liability with respect to such warranty shall be strictly limited to the amount received by it from Purchaser on account of such the sale of such parts or services and to claims asserted by Purchaser within ninety (90) days following completion of such services. THE WARRANTY SET FORTH HEREIN IS EXCLUSIVE AND IS EXPRESSLY IN LIEU OF, AND PURCHASER HEREBY WAIVES, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR OF ANY OTHER OBLIGATIONS OR LIABILITY ON THE PART OF COMPANY.

4. CANCELLATION AND RETURNS Purchaser's order will not be subject to cancellation, deferment of deliveries, or return without Company's written consent. A. Upon receipt of a written cancellation request by Purchaser, any order will be subject to a 25% fee based on the value of the cancelled items. If a cancellation request by Purchaser is less than thirty (30) days prior to scheduled ship date from Company the order will be subject to a 50% fee based on the value of the cancelled items. Special items and tooling charges are non-cancellable. B. Upon written request to return items to the Company and upon written approval provided to the Purchaser the return items will be subject to a 50% fee based on the value of the items returned plus freight to the Company. Special items are non-returnable.

5. TAXES Purchaser shall reimburse Company for any sales, use, occupation, excise or other tax arising out of the sales upon receipt of Company's invoice for the amount of tax or shall provide Company with a tax exemption certificate acceptable to the appropriate taxing authorities.

6. TERMS OF PAYMENT Unless otherwise agreed to in writing, terms of payment are cash, in United States Dollars, in full, within thirty (30) days from date of shipment. A service charge for late payment may be assessed at an interest rate of 1.5% per month (or such other rate allowable by law). All orders are subject to the approval of Company's Credit Department and Company may require full or partial payment in advance. Pro-rata payments shall become due as shipments are made, except where shipments are delayed by Purchaser for any reason, in which event payments shall become due from the date on which Company is prepared to make shipment. If manufacture is delayed by Purchaser, Company may elect to require payment based on the contract price and percentage of completion. Any property held for Purchaser shall be at the risk and expense of Purchaser.

7. TITLE AND LIEN RIGHTS The equipment or parts shall remain personal property, regardless of how affixed to any realty or structure, and title shall remain with Company until the price of the equipment (including any notes or other evidence of indebtedness given therefore) has been fully paid in cash. Company shall, in the event of Purchaser's default, have the right to enter immediately upon the Purchaser's premises without notice and repossess equipment or parts, Purchaser shall pay all expenses of repossession, including attorneys' fees, as well as any remaining deficiency after sale by Company of the repossessed equipment.

8. PATENT INFRINGEMENT AND OTHER LIABILITIES Company will defend and indemnify Purchaser of equipment from any actual or alleged infringement by equipment or any part thereof furnished pursuant hereto of any published, valid United States patent (other than parts of special design, construction, or manufacture specified by or originating with Purchaser) provided: a) Purchaser notifies Company in writing within thirty (30) days of its receiving notice of said infringement; and b) Purchaser assists Company in preparing for and defending against such infringement as deemed necessary by Company.

9. LIMITATION OF LIABILITY Under no circumstances shall Company be liable or otherwise responsible for special, indirect, incidental, collateral or consequential damages of any kind or for loss of power or production, vessel downtime or delays, dry dock expenses, or for lost charters or alternate tonnage or substitute tows or loss of profits or opportunity. The remedies of Purchaser as set forth herein, are exclusive. The liability of Company, on any claim of any kind, whether based on warranty, contract, negligence or otherwise, for any loss or damage arising out of, connected with, or resulting from this contract, or from the performance or breach thereof, or from the manufacture, sale, delivery, resale, repair or use of any equipment covered by or furnished under this contract shall in no case exceed the cost of correcting defects in the equipment as herein provided under "Warranty", and upon expiration of the warranty period all such liability shall terminate. The foregoing shall constitute the sole liability of Company. Purchaser agrees to indemnify and hold harmless Company from all claims by third parties which extend beyond the foregoing limitations of Company's liability.

10. LACHES Failure of Company to exercise any right or remedy under this Contract shall not be deemed a waiver of such right, nor shall any lien or other right of Company be lost or impaired by laches or in any manner or by any act of failure to act except by payment in full to Company.

11. CHOICE OF LAW It is expressly agreed and understood that this agreement shall be governed by and interpreted under the laws of the State of Wisconsin, U.S.A.

Division: Electric		Project Priority: 15			Project Number:				
Project Title: Operating Equipment		Start Date: 01/22			Estimated Project Cost:				
Description:		End Date: 12/26			Design				
This capital account provides for the purchase of new or replacement equipment used for the operation and maintenance of electrical service.					Land/Right-of-Way				
1) Substation and Powerhouse Electronic Meters, Relays and Control Equipment		\$ 25,000			Construction Management				
2) Recording Equipment		\$ 10,000			Construction				
3) New Test/Indication/Recording Equipment, Repair & Recalibration		\$ 30,000			Equipment				
4) Meters, Probes, Hand Tools, Radios		\$ 25,000			Other				
5) Customer Current & Potential Transformers		\$ 50,000			Project Total				
6) Generation and Powerhouse Spare Parts		\$ 65,000							
7) Spare Powerhouse Generator Breakers		\$ 15,000							
8) Control Equipment Upgrades		\$ 25,000							
9) SCADA Critical Parts		\$ 10,000							
10) Motorola Mobile/Portable Radio Replacements/Antennas		\$ 10,000							
11) NovaTech I/O Solutions/Site PLC Replacement		\$ 35,000							
12) AXIS Camera System-Substation Security Camera's and spares		\$ 8,000							
13) Powerhouse HVAC Replacements		\$ 5,000							
14) Holiday Lighting Replacements (Skyline/Pole Mount/Wraps/Bulbs)		\$ 30,000							
15) Hydraulic Rammer (Breaker) for Kubota Excavator		\$ 12,000							
Source of Funds	Prior Years	Adopted 2022			Projected Requirements				Total Project
		Reappro-priated	New Funding	Total	2023	2024	2025	2026	
Revenue Generating Fund			355,000	355,000	300,000	300,000	300,000	300,000	1,555,000
Total			355,000	355,000	300,000	300,000	300,000	300,000	1,555,000