

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: DECEMBER 12, 2016

ITEM NO: 6

SUBJECT: APPROVE PURCHASE ORDER 172710 WITH GE PACKAGE POWER, INC. FOR EMERGENCY GAS TURBINE REPAIRS AT THE RIVERSIDE ENERGY RESOURCE CENTER FOR \$105,308.88

ISSUE:

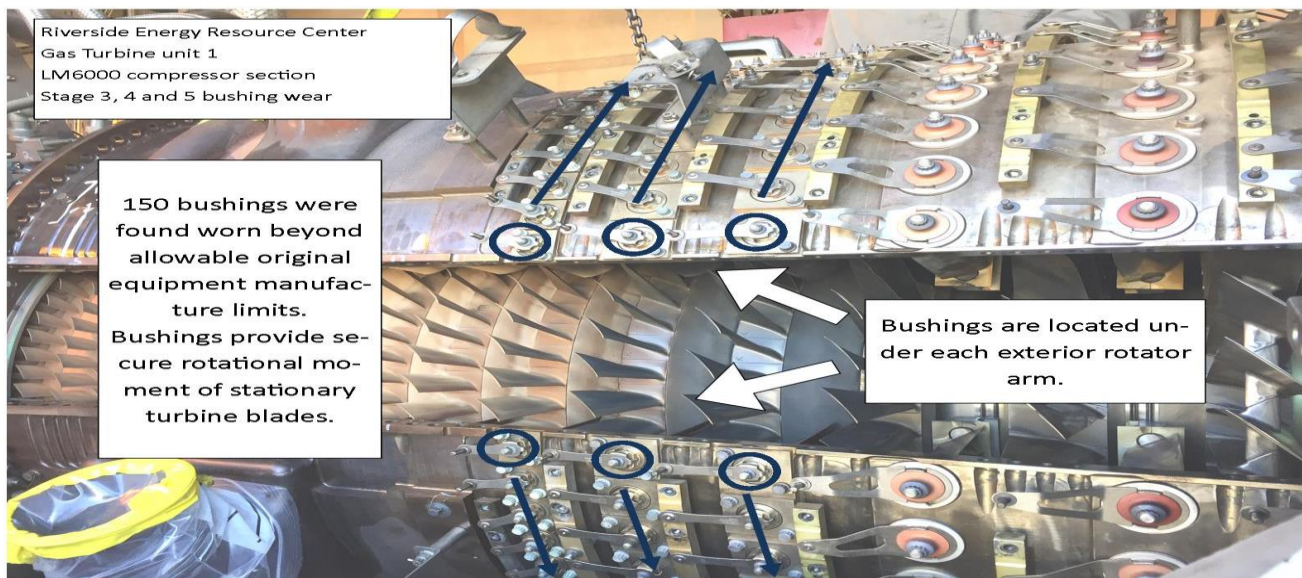
Approve Purchase Order No 172710 in the amount of \$105,308.88 for emergency gas turbine bushing repairs to GE Packaged Power Inc. of Houston, Texas in accordance with Article XII, Section 1202(b) of the Riverside City Charter.

RECOMMENDATION:

That the Board of Public Utilities approve the expenditure of funds in the amount of \$105,308.88 for emergency gas turbine bushing repairs to GE Packaged Power Inc. of Houston, Texas and ratify staff's emergency authorization in accordance with Article XII, Section 1202(b) of the Riverside City Charter.

BACKGROUND:

On August 8, 2016, the Board of Public Utilities approved a purchase order to GE Packaged Power Inc. (GE) to perform gas turbine blade replacements on RERC Units 1 and 2. During the disassembly and inspection, GE technicians determined the need for additional turbine repairs. The turbine blade bushings failed inspection and require replacement. Turbine bushings keep the turbine blades in a desired position with tight clearance limits to prevent movement. Excessive clearances allow undesired turbine blade movement and the potential for a catastrophic failure. Based on these findings, RERC units 1&2 were placed on a "non-operational" status.



In order to maintain reliable plant operations, staff sought approval for emergency work under Riverside City Charter, Article XII, Section 1202(b) and City Purchasing Resolution 22576, Sections 201(c) and 300-302.

Section 1202(b) (2) of Article XII of the Riverside City Charter provides the following: “[A] purchase, or acquisition, construction, extension, enlargement, diminution or curtailment may be made without prior approval...(2) if there is an urgent necessity to preserve life, health or property (i) as determined by the Director of Public Utilities or (ii) if the amount exceeds \$100,000 by the Director of Public Utilities and the City Manager. As soon as practicable thereafter, the Director of Public Utilities shall take the matter under Section 1202(b)(2) to the Board of Public Utilities for ratification.”

The City Manager and the Public Utilities General Manager (referred to in the Charter as “Director”) approved the emergency gas turbine combustor repairs in order to preserve, life, health and property from damage caused by an electricity shortage.

Riverside Energy Resource Center (RERC) Units 1 and 2 provide peaking and emergency power to the City of Riverside. These units play a crucial role in meeting the City’s daily capacity and electricity demands. Extending the maintenance outage period on these units could have a substantial impact on the City’s ability to provide emergency power. The City currently has one interconnection to the State grid to import electricity into the City, through the SCE/Vista substation. If that connection were to be disrupted, RERC Units 1 and 2 would be the City’s sole source of power. Such disruption occurred in 2007, when the SCE/Vista substation was damaged and the entire City went into a black-out. RERC Units 1 and 2 were immediately activated and provided emergency power to the City until SCE could repair the interconnection. If RERC Units 1 and 2 had been in an extended maintenance outage period, the City would have no access to emergency power should the interconnection at SCE/Vista substation again be disrupted.

The Purchasing Services Manager concurs that the recommended actions comply with the City of Riverside’s Purchasing Resolution No. 22576, Article 11, Section 201(a) and Article III, Section 301 (c). Section 201 (a) provides the following: “Exceptions. Competitive Procurement shall not be required in any of the following circumstances: (a) When an emergency arises and Emergency Procurement is undertaken pursuant to Article Three hereof.” Section 301(c) defines an “emergency” as “a breakdown in machinery or essential series which requires the immediate Procurement of Goods, Services or Construction to protect the public health, welfare, safety or property.” If those conditions are met, staff is authorized to contact the City’s Purchasing Manager. If the Purchasing Manager is satisfied that these conditions are met, the Purchasing Manager can cause an emergency Purchase Order to be issued. Here, based upon the above-noted facts, on November 03, 2016 the City Manager, the Public Utilities General Manager and the Purchasing Manager all concurred that an emergency existed and caused an emergency Purchase Order to be issued to GE Packaged Power Inc. of Houston, Texas in the amount of \$105,308.88.

Proposal Summary	
GE Bushing work before taxes (materials, labor and shipping)	\$ 100,874.00
8% Tax on \$55,436 materials	\$ 4,434.88
	\$ 105,308.88

FISCAL IMPACT:

The total fiscal impact is \$105,308.88. Sufficient funds are available in the RERC Maintenance-Generating Plants Account No. 6120130-424131.

Prepared by: Daniel E. Garcia, Public Utilities Interim Assistant General Manager/Resources
Approved by: Girish Balachandran, Public Utilities General Manager
Approved by: John A. Russo, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Certifies availability
of funds: Laura Chavez-Nomura, Public Utilities Assistant General Manager/Finance

Attachments:

1. GE Bushing Proposal #N6EHU1518023r2
2. Presentation