

RESOLUTION NO. 23529

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVERSIDE, CALIFORNIA, (1) DECLARING THAT THE REPAIR WORK TO THE GAS TURBINES FOR RIVERSIDE ENERGY RESOURCE CENTER UNITS 1 AND 3 IS OF URGENT NECESSITY FOR THE PRESERVATION OF LIFE, HEALTH, AND PROPERTY AND WAIVING THE FORMAL COMPETITIVE PROCUREMENT REQUIREMENTS OF CITY CHARTER SECTION 1109; AND (2) AUTHORIZING THE ISSUANCE OF EMERGENCY PURCHASE ORDER IN THE AMOUNT OF \$4,983,319 TO GE PACKAGED POWER INC., OF HOUSTON, TEXAS FOR THE EMERGENCY REPAIRS.

WHEREAS, the City of Riverside Public Utilities Department (RPU) commissioned Riverside Energy Resource Center Generation Unit 1 (RERC 1) in June 2006 and Riverside Energy Resource Center Generation Unit 3 (RERC 3) in April 2011. Each of these fast-start gas turbine units is able to generate 50 megawatts (MW) of electricity in less than ten minutes and are strategically located within the city limits providing local generation capacity. RERC 1 and RERC 3 have historically been reliable units that serve a critical role in meeting customer's energy demands, but these units are aging; and

WHEREAS, loss of any of the generating units at RERC represents an emergency for the City of Riverside. RERC 1 and RERC 3, which comprise one-half of the RERC facility, provide emergency power to the City and as well as playing a crucial role in meeting the City's daily capacity and electricity demands. Extended time to make repairs will have a substantial impact on the City's ability to provide emergency power; and

WHEREAS, the City currently has only one interconnection to the State electric transmission grid to import electricity into the City; this interconnection is the Vista Substation, which is owned and operated by Southern California Edison (SCE). Loss of the connection to the regional grid at the Vista Substation is a significant and real risk to the City. If that connection is disrupted, the entire RERC facility, including RERC 1 and RERC 3, is relied on as the primary, if not only, source of electricity for customers; and

WHEREAS, in 2007 the Vista Substation was damaged and RPU connection to the regional transmission grid was lost. The event resulted in a Citywide blackout. The RERC units, which had been out for scheduled maintenance, were immediately activated and were essential in providing emergency power to the City until SCE could repair the interconnection; and

1 WHEREAS, currently, the City faces the potential for a similar loss of power should SCE
2 determine the need to enact a Public Safety Power Shutoff (PSPS) because of wildfire threats and de-
3 energize any or all of the sub-transmission lines they control that interconnect the City to the regional
4 grid. Five of the seven sub-transmission lines that provide Riverside its connection to the regional
5 grid through the Vista Substation are located in Tier II Fire Hazard Areas. SCE could de-energize the
6 lines at any time because SCE controls the lines until the lines cross into the City of Riverside. The
7 RERC units provide emergency power in such events and their operation is critical to ensuring that
8 customers have reliable electricity during such emergency situations. Without RERC 1 and 3, the
9 potential for extended power outages during a PSPS de-energization event increases; and

10 WHEREAS, staff routinely conducts annual preventative maintenance on all RERC units in
11 November. Authorized service technicians perform specialized borescope inspections on the gas
12 turbine's internal components and document observations. This year's inspection resulted in the
13 identification of internal component cracks above the allowable limits for continued operation on
14 RERC 1 and RERC 3. RERC 2 and RERC 4 were determined to be fine. Because of the significance
15 of these cracks, staff had GE Package Power Inc. (GE), the original equipment manufacturer, perform
16 a second inspection, which confirmed that the cracks are above the serviceable limits. As a result,
17 RERC 1 and RERC 3 are currently non-operational until repairs are completed; and

18 WHEREAS, after extensive evaluation, staff recommends an onsite, rotatable exchange on the
19 combustor, high-pressure turbine and low-pressure turbine on RERC 1. A rotatable exchange means
20 that GE will exchange the damaged equipment for refurbished and fully warrantied equipment at a
21 lower cost than replacement of the equipment with completely new parts. All work for the replacement
22 will take place at the RERC facility. The option costs \$3,966,955, provides the quickest return to
23 service, and eliminates the very high risk of costly and unforeseen repairs if the damaged equipment
24 had to be shipped to a repair facility; and

25 WHEREAS, the extent of the necessary emergency repairs on RERC 3 are not as severe.
26 Cracks were contained to just the combustor and high-pressure turbine sections. A rotatable exchange
27 of the combustor and high-pressure turbine is approximately \$1.8 million dollars. After review, staff
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1 recommends to only perform a rotatable exchange on the high-pressure turbine nozzle sections. This
2 will bring the unit back to normal operation at a cost of \$563,334; and

3 WHEREAS, due to the emergency nature of this project, staff is recommending the issuance
4 of a purchase order(s) with GE Packaged Power Inc. of Houston, Texas in the amount of \$4,530,289
5 for emergency repairs on gas turbines for Riverside Energy Resource Center Units 1 and 3 and
6 authorize staff to make any necessary revisions to the purchase order terms and conditions to complete
7 the repairs; and

8 WHEREAS, City Charter section 1109 provides that such purchase orders may be let without
9 advertising for bids if such work or supplies or materials shall be deemed by the City Council to be of
10 urgent necessity for the preservation of life, health or property, and shall be authorized by resolution
11 passed by at least five affirmative votes of the City Council and containing a declaration of the facts
12 constituting such urgency.

13 NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Riverside,
14 California, as follows:

15 Section 1: The above recitals are incorporated herein by reference.

16 Section 2: On the basis of the foregoing recitals and the staff report accompanying this
17 Resolution, it is hereby found and declared the repairs on the gas turbines for Riverside Energy
18 Resource Center Units 1 and 3 in the amount of \$4,530,289 are of an urgent necessity for the protection
19 and preservation of public life, health, and that the formal competitive procurement requirements of
20 City Charter 1109 for such repairs are hereby waived.

21 Section 3: The City Manager, or his designee, is authorized to issue a purchase order to GE
22 Packaged Power Inc. of Houston, Texas in the amount of \$4,530,289 for emergency repairs on the gas
23 turbines for Riverside Energy Resource Center Units 1 and 3 and authorize staff to make any necessary
24 revisions to the purchase order terms and conditions to complete the repairs.

1 ADOPTED by the City Council this 17th day of December, 2019.

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4 WILLIAM R. BAILEY, III
Mayor of the City of Riverside

5 Attest:

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7 COLLEEN J. NICOL
City Clerk of the City of Riverside

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9 I, Colleen J. Nicol, City Clerk of the City of Riverside, California, hereby certify that the
10 foregoing resolution was duly and regularly adopted at a meeting of the City Council of said City at
11 its meeting held on the 17th day of December, 2019, by the following vote, to wit:

12 Ayes: Councilmembers Edwards, Melendrez, Fierro, Conder, Perry, and Hemenway
13 and Councilwoman Plascencia

14 Noes: None

15 Absent: None

16 Disqualified: None

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18 IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the
19 City of Riverside, California, this 18th day of December, 2019.

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22 COLLEEN J. NICOL
City Clerk of the City of Riverside

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28 CA: 19-1453.1 SW 12/12/2019