



# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE: OCTOBER 25, 2021**

**SUBJECT: SERVICES AGREEMENT WITH SIEMENS INDUSTRY, INC. OF BUFFALO GROVE, ILLINOIS FOR ROUTINE ELECTRICAL MAINTENANCE FOR A FIVE-YEAR TERM WITH TWO OPTIONAL ONE-YEAR EXTENSIONS AT RIVERSIDE ENERGY RESOURCE CENTER, SPRINGS, AND CLEARWATER POWER PLANTS IN THE AMOUNT OF \$1,977,716**

**ISSUES:**

Consider approval of a Services Agreement with Siemens Industry, Inc. of Buffalo Grove, Illinois to perform routine electrical maintenance for a five-year term with two optional one-year extensions at Riverside Energy Resource Center, Springs, and Clearwater Power Plants in the amount of \$1,977,716.

**RECOMMENDATIONS:**

That the Board of Public Utilities:

1. Approve a Services Agreement with Siemens Industry, Inc. of Buffalo Grove, Illinois for a five-year term with the option of two one-year extensions to perform routine electrical maintenance at Riverside Energy Resource Center, Springs, and Clearwater Power Plants in the amount of \$1,977,716; and
2. Authorize the City Manager, or designee, to execute the Agreement with Siemens Industry, Inc., including the two optional one-year extensions, and make any minor non-substantive changes.

**BACKGROUND:**

Over 590 electrical devices, that include switchgear, breakers, protective relays, and transformers, are used throughout Riverside Public Utilities' (RPU) three power plants: Riverside Energy Resource Center (RERC), Springs, and Clearwater Power Plant. The different electrical devices have their recommended maintenance intervals that range from inspections to specialized testing and analysis. Specialized testing, usually performed on a four- or five-year interval, assesses the overall condition of the equipment.

The electrical equipment at RERC, Springs and Clearwater vary in age and duty cycle. Springs is the oldest power plant and has been operating for 19 years. Clearwater has been in operation

for 16 years while RERC Units 1 and 2 have operated for 15 years. RERC Units 3 and 4, which are the newest plants, have been in operation for 10 years.

In the past, staff successfully solicited competitive pricing for preventative maintenance on an individual equipment basis. This kept maintenance cost to a minimum while sustaining reliable operations. Considering the current normal wear and tear of the electrical equipment and the plant's performance levels, routine maintenance needs to evolve and transition to a more organized and predictive approach. Some electrical components are reaching the end of useful life or may require additional maintenance due to duty cycles. A preventative maintenance program with periodic condition assessments provides the data needed to prioritize, plan and budget. Staff will have the opportunity to address repairs at an earlier stage and avoid costly repairs after a failure.

After reviewing the recommended electrical maintenance for the next five years at each facility, staff decided to issue a request for proposal (RFP) that covers the maintenance requirements for all three power plants.

## **DISCUSSION:**

RFP 2062 posted on December 10, 2020 and closed on March 3, 2021. The scope of the RFP included recommended preventative maintenance at all three of the power plant locations for a five-year term with the option for two one-year extensions covering up to seven years. Staff received six proposals and recommends the proposal from Siemens Industry, Inc. as the most responsive and cost effective.

Siemens' comprehensive proposal included the recommended preventive maintenance and testing at the different intervals for the next seven years. The annual price schedule varied in each year because it reflected the different scope of work for the three-, five- and six-year maintenance needs. By combining the scope for all three plants, RPU will realize a savings of \$30,000 per year compared to historical routine maintenance expenditures not including repairs.

Table 1. RFP Notification Summary

| Action                         | Number of Vendors |
|--------------------------------|-------------------|
| Vendors Notified               | 196               |
| Vendors who downloaded the RFP | 64                |
| Proposals received             | 6                 |

Table 2. Proposals Received\*

(\*Cost breakdown by power plant location provided in Table 3 in the Fiscal Impact section of the report)

| Vendor                                    | Location                 | Amount                                             | Rank     |
|-------------------------------------------|--------------------------|----------------------------------------------------|----------|
| <b>Siemens Industry, Inc</b>              | <b>Buffalo Grove, IL</b> | <b>\$1,452,709*</b>                                | <b>1</b> |
| Baker Electric                            | Escondido, CA            | \$2,382,019.53                                     | 2        |
| VISTAM, Inc                               | La Mirada, CA            | \$3,346,703.62                                     | 3        |
| Halco Testing Services                    | Los Angeles, CA          | \$4,875,877.13                                     | 4        |
| Electric Power Systems International Inc. | Santa Ana, CA            | Non-Responsive<br>Did not meet license requirement |          |
| Praetorian Power Protection               | Edmonds, WA              | Non-Responsive<br>Incomplete Proposal and Pricing  |          |

Staff anticipates additional maintenance requirements will arise as Siemens performs their routine work. Staff recommends a budget of \$75,000 per year, or \$525,000 over the 5-year term and 2 one-year optional extensions, for any as-needed repairs at all three power plants in addition to the proposal amount and are added to the agreement total. The repair budget will be utilized for urgent work that ensures each plant's availability to operate at all times and especially during the hot summer months when electricity demand is highest. Staff will only authorize as-needed repair work and encumber funds after they review the proposed repairs, and the work is determined to be necessary. Unused amounts will remain in RPU's generation budget.

The Purchasing Manager concurs that the recommended actions comply with Purchasing Resolution No. 23256.

### **STRATEGIC PLAN ALIGNMENT:**

This item contributes to the following strategic priorities and goals from the Envision Riverside 2025 Strategic Plan:

#### **Strategic Priority 5, High Performing Government**

- Goal 5.4. Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.

#### **Strategic Priority 6, Infrastructure, Mobility & Connectivity**

- Goal 6.2. Maintain, protect, and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

The item aligns with EACH of the five cross-cutting threads as follows:

1. **Community Trust** – Ensuring that Riverside's power plants can safely and effectively operate and provide electricity to the entire City and its communities serves the greater public good.
2. **Equity** – This item ensures that RPU's power plants can safely and effectively operate and provide reliable electricity benefitting the entire City and all customers.
3. **Fiscal Responsibility** – The service agreement with Siemens Industry, Inc. saves \$30,000 per year compared to routine historical maintenance costs.
4. **Innovation** – The approach with the multi-year electrical maintenance program is consistent with industry best practice and will be customized to fit each plant's operations.
5. **Sustainability & Resiliency** – Riverside's three power plants operate during the most critical times when the demand for electricity is high. Having an electrical maintenance program for the next five years is essential to sustaining a highly reliable power plant.

### **FISCAL IMPACT:**

The total fiscal impact for Electrical Routine Maintenance for Fiscal Year 2020/21 is \$303,678.00.

Sufficient funds are available in RERC Maintenance-Generating Plant Account No. 6120130-424131, Springs Maintenance-Generating Plants Account No. 6120120-424131, and Clearwater Maintenance-Generating Plant Account No. 6120140-424131 as outlined in Table 3.

Table 3: Cost Summary

| Year         | RERC             | Springs          | Clearwater       | Annual Agreement Total | Annual As-Needed Repairs | Annual Agreement + Repair Total |
|--------------|------------------|------------------|------------------|------------------------|--------------------------|---------------------------------|
| 2021         | \$122,228        | \$48,581         | \$57,869         | \$228,678              | \$75,000                 | \$303,678                       |
| 2022         | \$99,630         | \$31,292         | \$44,883         | \$175,810              | \$75,000                 | \$250,810                       |
| 2023         | \$119,488        | \$35,907         | \$46,784         | \$202,179              | \$75,000                 | \$277,179                       |
| 2024         | \$99,630         | \$31,292         | \$51,365         | \$182,287              | \$75,000                 | \$257,287                       |
| 2025         | \$131,469        | \$36,790         | \$57,779         | \$226,038              | \$75,000                 | \$301,038                       |
| 2026*        | \$145,753        | \$54,653         | \$55,024         | \$255,430              | \$75,000                 | \$330,430                       |
| 2027*        | \$99,625         | \$31,292         | \$51,365         | \$182,287              | \$75,000                 | \$257,287                       |
| <b>Total</b> | <b>\$817,823</b> | <b>\$269,807</b> | <b>\$365,069</b> | <b>\$1,452,709</b>     | <b>\$525,000</b>         | <b>\$1,977,709</b>              |

\*Optional one-year extensions.

Future years' budget will be included as a part of the biennial budget process.

Prepared by: Daniel E. Garcia, Utilities Deputy General Manager/Power Resources  
 Approved by: Todd M. Corbin, Utilities General Manager  
 Approved by: Kris Martinez, Interim Assistant City Manager  
 Approved as to form: Phaedra A. Norton, City Attorney

Certifies availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer

- Attachments:
1. Service Agreement
  2. Bid Award Recommendation
  3. Presentation