

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JULY 28, 2025

SUBJECT: SERVICES AGREEMENT WITH GE VERNOVA OPERATIONS, LLC. OF HOUSTON, TEXAS TO PERFORM GAS TURBINE INSPECTIONS AT THE RIVERSIDE ENERGY RESOURCE CENTER AND CLEARWATER POWER PLANT FOR A FIVE-YEAR TERM COMMENCING ON NOVEMBER 1, 2025, THROUGH JUNE 30, 2030, IN THE AMOUNT OF \$354,160

ISSUE:

Consider approving the Services Agreement with GE Vernova Operations, LLC. of Houston, Texas to perform gas turbine inspections at the Riverside Energy Resource Center and Clearwater Power Plant for a five-year term commencing on November 1, 2025, and ending on June 30, 2030, in the amount of \$354,160.

RECOMMENDATIONS:

That the Board of Public Utilities:

1. Approve the Services Agreement with GE Vernova Operations, LLC. of Houston, Texas to perform gas turbine inspections at the Riverside Energy Resource Center and Clearwater Power Plant for a five-year term commencing on November 01, 2025, through June 30, 2030, in the amount of \$354,160; and
2. Authorize the City Manager, or his designee, to execute the Services Agreement with GE Vernova Operations, LLC., including making non-substantive changes.

BACKGROUND:

The City of Riverside Public Utilities owns and operates the Riverside Energy Resource Center (RERC) and Clearwater Power Plant (Clearwater). These facilities have the capability to produce a combined total of 226 megawatts of electricity and serve a critical role in meeting customer demands during peak summer periods.

There are four GE LM6000 gas turbines at the RERC facility and one GE LM2500 gas turbine at Clearwater. These units have been in operation for over 15 years. GE Vernova (GE), the Original Equipment Manufacturer (OEM), is one of only four Authorized Service Providers (ASP) worldwide authorized to perform specialized maintenance services on these turbines.

Every year, GE or one of the other three ASPs conducts routine borescope inspections on each gas turbine. These inspections are crucial for evaluating the internal condition and overall serviceability of the gas turbines in preparation for the high-demand summer peak period. Operating at extremely high speeds and temperatures exceeding 1,500 degrees Fahrenheit, each turbine is subject to extreme mechanical and thermal loads. Without regular inspections, the risk of catastrophic failure significantly increases.

Currently, if an ASP performs the inspection and indicates that the turbine is unserviceable, staff then seeks a second assessment from GE to make a final determination before committing to costly repairs and extended outage periods. Relying on GE for the final assessment aligns with prudent industry practice, as the OEM retains the engineering data and operational limits necessary to conduct a more comprehensive evaluation.

Considering the age of each turbine and the likelihood of needing GE's final determination, staff recommend a multi-year agreement with GE to perform annual turbine inspections.

Figure 1. Technicians Performing a Borescope Inspection



DISCUSSION:

It is considered part of best industry practice to perform annual gas turbine inspections to prevent catastrophic engine failures and maintain unit reliability. These inspections are typically performed during scheduled routine maintenance outages in November of each year. Historically, staff has solicited competitive proposals from the four GE-authorized service providers to perform this work.

At this stage in the turbines' operating life, normal wear such as cracking, has become more prevalent, often requiring GE's final assessment to determine whether a unit remains serviceable. Given the aging condition of the turbines and the increasing likelihood that GE's final evaluation will be needed, staff recommends a single-source procurement with GE.

As the original equipment manufacturer, GE is the primary source for the turbines' design specifications and engineering limits, positioning them as the main provider capable of delivering a fully informed and authoritative assessment. While the three other authorized service providers are GE-approved, they do not have the in-depth design and engineering capabilities that GE possesses.

A follow-up inspection by GE was recently required after an ASP flagged a potential issue, leading to duplicated efforts and doubling the inspection cost for that turbine. This trend is expected to continue for all units at both RERC and Clearwater as the turbines continue to age.

The average cost for each annual turbine inspection is approximately \$12,000. To ensure cost stability and operational efficiency, staff recommends entering into a five-year agreement with GE that secures favorable pricing and reduces the likelihood of duplicate assessments. A fixed price of \$354,160 has been negotiated for all annual turbine inspections at both RERC and Clearwater over the five-year term.

Purchasing Resolution No. 24101, Section 702(d) states “Competitive procurement through the Informal Procurement or Formal procurement process shall not be required: When the procurement can only be obtained timely from a single source and the Manager is satisfied that the best price, terms and conditions for the Procurement thereof have been negotiated.” In this case, in order to eliminate the need for duplicative follow-up inspections, the procurement can only be obtained from a single source and complies with all the requirements under this section.

The Purchasing Manager concurs that the recommended actions comply with Purchasing Resolution No. 24101, Section 702(d).

FISCAL IMPACT:

The total fiscal impact is \$354,160. Sufficient funds are available in the RERC Maintenance Generating Plants Account No. 6120130-424131, and Clearwater Maintenance-Generating Plants Account No. 6120140-424131 for FY 25/26. Future years impacts will be included as part of the budget process.

Fiscal Year	Annual Amount
2025/26	\$66,706
2026/27	\$68,710
2027/28	\$70,770
2028/29	\$72,894
2029/30	\$75,080
TOTAL	\$354,160

Prepared by:	Scott Lesch, Utilities Assistant General Manager/Power Resources
Approved by:	David A. Garcia, Utilities General Manager
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. Services Agreement with GE Vernova Operations, LLC.
2. Presentation