

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

731



FROM: Economic Development Agency

SUBMITTAL DATE:
October 19, 2009

SUBJECT: Southwest Justice Center Cogeneration Plant Repairs

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve a sole source award to Endurant Energy LLC, of Anaheim, California to determine cause of engine failures and rebuild the engines for the amount of \$412,000, and authorize the Chairman to execute the agreement on behalf of the County; and
2. Authorize the Assistant County Executive Officer/EDA to administer the agreement in accordance with applicable Board policies.

BACKGROUND: In 2006, a cogeneration plant which included two 16 cylinder Waukesha natural gas engines was installed to provide power to the chiller plant at the Southwest Justice Center Campus.

(Continued)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 412,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	09/10

SOURCE OF FUNDS: The County's Boiler and Machinery insurance subject to a \$10,000 deductible amount; the deductible to be paid by the Department.	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

County Executive Office Signature

- Consent
- Policy
- Consent
- Policy

Dep't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.:

District: 3

Agenda Number:

3.27

PURCHASING & FLEET SERVICES: Robert Howdysheaf, Director

Departmental Concurrence

BACKGROUND: (Continued)

The natural gas powered cogeneration plant yields significant cost savings by replacing demand for electric power with the less expensive and cleaner natural gas fuel source. The County received a \$900,000 rebate from its partnership with Southern California Edison and The Gas Company.

In March and June of 2008, the cogeneration system experienced two separate engine failures. Unless this plant is repaired, the County must return the rebate to the Energy Partnership. The County has received assurance from its insurance carrier, Alliant Insurance Services, that these catastrophic failures are covered events, and the County will be reimbursed for repair cost above the policy's \$10,000 deductible.

Endurant Energy LLC has been chosen by the Economic Development Agency and Risk Management to rebuild the two Waukesha engines due to their proven track record and expertise with Waukesha engines and correcting inoperable cogeneration plants.

Endurant Energy's work scope will include rebuilding both Waukesha engines, reviewing cogeneration plant design, providing design recommendations, re-commissioning the engines and plant, and determining the root cause of the catastrophic engine failures.

The information gathered will assist Risk Management in securing the reimbursement through the County's insurance carrier.



RIVERSIDE COUNTY
Economic Development Agency

MEMORANDUM

ECONOMIC DEVELOPMENT AGENCY

Robert Field
Assistant County Executive Officer/EDA

TO: PURCHASING AGENT

FROM: Robert Field, Assistant County Executive Officer/ EDA

DATE: October 15, 2009

SUBJECT: Sole Source Procurement; Request for Endurant Energy LLC

The below information is provided to request approval for a sole source purchase. Outside of a duly declared emergency, the time to develop a statement of work or specifications is not in itself justification for sole source.

Supply/Service being requested:

Service Affecting: Southwest Justice Center Cogeneration Plant Operations Repair

Supplier being requested:

Endurant Energy LLC

Alternative suppliers that can or might be able to provide supply/service:

This supplier has been chosen to perform rebuilding of two natural gas 16 cylinders Waukesha Engines due to their proven expertise with rehabilitating failed Cogeneration Plants and rebuilding Waukesha Engines is vital to those plants. Endurant Energy is to rebuild both Waukesha Engines onsite and once they are back in service is to review the design, then witness the operation of the plant and both engines to determine the root cause of the catastrophic failure for subrogation purposes, and provide an evaluation and assessment with recommendations. The manufacture factory representative Valley Power Systems in California cannot rebuild the natural gas engines on site. The costs for them to make the repairs were extremely high and they required both engines to be removed to their factory for entire breakdown, attempt to determine root cause analysis, rebuild then return to site and reinstall.

Extent of market search conducted:

I (Nancy Cano) contacted North Hefley with Endurant Energy based upon a trusted referral that used Endurant to resolve similar issues. North has expertise in the field of Cogeneration Plants and the Waukesha Engines that power those plants.

Unique features of the supply/service being requested from this supplier, which no alternative supplier can provide:

The repair work is critical to the County of Riverside's effort to meet the requirements agreed upon between the County of Riverside, Southern California Edison and Gas Companies as part of the existing Energy Efficiency Partnership Program.

The terms of the contract with the energy partnership program requires that the plant be repaired or the County of Riverside must return the rebate monies of \$900,000 back to the Partnership. Endurant Energy can rebuild both natural gas engines onsite when Valley Power Systems could not.

Reasons why my department requires these unique features and what benefit will accrue to the county:

The Cogeneration Plant has been down for approximately one year five months. The installing Contractor, Southland Industries, has been unable to determine the source of the failures. Therefore, the County of Riverside requests that Endurant Energy be approved to perform the required repairs onsite and complete a full evaluation of the entire system.

We met with Endurant Energy as related to catastrophic failures of our Waukesha engines at Southwest Justice Center. There, Kent Livingston with County Risk Management reviewed this site with EDA/Facilities Management and Endurant Energy. Kent Livingston who possesses special experience in complex diesel engines like the natural gas Waukesha engine models we have decided that Endurant Energy had the required expertise to assist the County of Riverside with these repairs. It was approved by the County of Riverside Insurance Carrier Alliance Insurance Services to have Endurant Energy repair the Waukesha Engines at this location.

Price Reasonableness:

\$412,000.00

Does moving forward on this product or service further obligate the county to future similar contractual arrangements?

No.



Department Head Signature

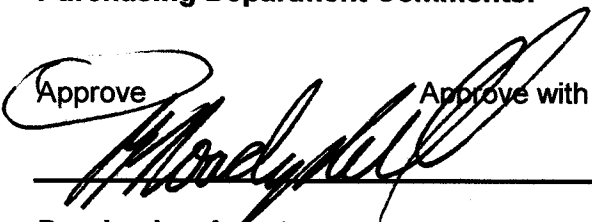
Date

Purchasing Department Comments:

Approve

Approve with Condition/s

Disapprove



10/22/09

Purchasing Agent

Date

C: Nancy Cano, PM