

July 23, 2013

**MEMORANDUM TO THE TRUSTEES**

**FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER**

**SUBJECT: Procurement (Construction) Contract – Danco  
Electrical Contractor, Inc. – Installation of  
Standby/PLM Generators in Grand Central Terminal**

**SUMMARY**

In January 2011, the Trustees approved the award of a contract (Contract #4500199630), to the low bidder, Danco Electrical Contractor, Inc., a New York State certified minority-owned business, in the amount of \$9,355,000, to install two 2-MW Standby/Peak Load Management Generators and associated equipment in Metro-North Railroad's Grand Central Terminal. The contract price was subsequently reduced to \$9,075,000 to reflect value engineering.

The contract stipulated a construction completion date of April 1, 2012. Without modifying the contractual completion date, the Trustees are now requested to authorize staff to complete the contract and close-out the project through December 31, 2013.

**BACKGROUND**

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require the Trustees' approval for procurement contracts involving services to be rendered for a period in excess of one year, and for the extension of such contracts when the cumulative term of the extensions is greater than 12 months.

In 2008, Metro-North Railroad ("MNR") authorized the Authority to proceed with design of two 2-MW standby generators for Grand Central Terminal. The generators are available for standby power in the event of a grid power outage or for Peak Load Management ("PLM") during periods of peak demand on the grid. In mid-2010, the Authority solicited bids for the installation of two 2-MW standby generators and associated equipment in Grand Central Terminal.

**DISCUSSION**

As a result of the contractor's failure to prosecute the work expeditiously, the original completion date for construction has been surpassed. The generators have been placed into service but staff is working with the contractor to achieve the completion of final "punch list" items and project close-out. Staff is in the process of negotiating a final settlement with the contractor to resolve outstanding change order disputes and bring the project to a close.

Nevertheless, the project is now more than 12 months beyond the original contract completion date and staff expects that final close-out will not occur before December 31, 2013.

## FISCAL INFORMATION

Funding for this contract is being provided from the proceeds of the Authority's Commercial Paper Notes and/or the Operating Fund. All Authority costs, including Authority overheads and the costs of advancing funds, will be recovered consistent with other Energy Efficiency Programs.

## RECOMMENDATION

The Senior Vice President – Economic Development and Energy Efficiency, the Vice President – Energy Efficiency, the Vice President – Procurement and the Director – Engineering and Design recommend that the Trustees authorize staff to close-out Contract #4500199630 with Danco Electrical Contractor, Inc., for the installation of two 2-MW Standby/Peak Load Management Generators and associated equipment in Metro-North Railroad's Grand Central Terminal on or about December 31, 2013.

For the reasons stated, I recommend the approval of the above-requested actions by adoption of a resolution in the form of the attached draft resolution.

Gil C. Quinones  
President and Chief Executive Officer

Att.  
Grand Central Terminal Standby/PLM Generators

## **RESOLUTION**

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the Trustees hereby authorize staff to close-out Contract 4500199630 with Danco Electrical Contractor, Inc., for the installation of two 2-MW Standby/Peak Load Management Generators and associated equipment in Metro-North Railroad's Grand Central Terminal through December 31, 2013; and be it further

RESOLVED, that the Chairman, the Vice Chairman, the President and Chief Executive officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.