

January 28, 2014

**MEMORANDUM TO THE TRUSTEES**

**FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER**

**SUBJECT: Poletti Power Plant Deconstruction –  
Fuel Oil Yard Dike Wall Demolition –  
Contract Extension**

**SUMMARY**

The Trustees are requested to approve a one-year contract extension, at no additional funding at this time, to Purchase Order #4500229795, for Franklin Company Contractors, Inc. of College Point, New York for the Poletti Power Plant (“Poletti”) Deconstruction – Fuel Oil Yard Dike Wall Demolition Project (“Project”) at the Astoria Site.

**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.

At the March 21, 2013 meeting, the Trustees approved award of a contract to Franklin Company Contractors, Inc. (“FCC”), for the demolition of the “Fuel Oil Yard Dike Wall.” Under a previous contract, four fuel oil storage tanks in the containment dike yard were deconstructed under a competitively bid contract in which FCC was the successful bidder. The containment dike pit was to be removed during a separate phase of the work after the tanks were successfully deconstructed. The containment dike wall also supports the Foamite piping that serves as the fire protection for the remaining two kerosene tanks and portions of fuel gas piping that support the 500 MW facility. To deconstruct the containment dike, new portions of the aforementioned systems will be constructed prior to the termination of the old system. When the new services are operational, the containment dike will be deconstructed.

**DISCUSSION**

The original contract to FCC was awarded for 10 months through January 31, 2014 but is effective through March 21, 2014 at a value of \$6,925,765. Deconstruction began in July 2013 and was scheduled for completion not later than March 2014. During deconstruction, it was discovered that the pipe supports could not be installed without significant modifications to the failing dike floor. Upon review of redesigning the pipe supports to meet this unforeseen condition, staff evaluated the kerosene piping route and determined that a more efficient route could be designed which would allow for the re-use of the existing kerosene piping. Additionally, the Fire Department of New York (“FDNY”) is required to review any modifications to the fuel lines. Based on the FDNY’s comments and approval requirements, changes were deemed necessary. During installation of the re-designed systems, it was also

discovered that previous as-built drawings did not properly represent field conditions and required additional design solutions.

The delays experienced by the unforeseen conditions, re-design of supports and piping systems and the FDNY approvals have significantly delayed the Project. FCC subsequently submitted a “no additional cost” recovery schedule with completion in November, 2014. As such, Project Management is requesting a one year time extension for substantial completion in November 2014 with Contract completion (demobilization and closeout) by March 21, 2015.

FISCAL INFORMATION

Payments associated with this Project will be made from the Authority’s Operating Fund.

RECOMMENDATION

The Senior Vice President and Chief Engineer – Operations Support Services, the Vice President – Engineering, the Acting Vice President – Project Management, the Acting Vice President – Procurement and the Regional Manager – SENY recommend that the Trustees approve a one-year contract extension, at no change in contract value, to Franklin Company Contractors, Inc. of College Point, NY for the Poletti Plant Fuel Oil Yard Dike Wall Demolition Project.

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

Gil C. Quiniones  
President and Chief Executive Officer

Att.  
Poletti Deconstruction –  
Fuel Oil Yard Dike Wall Demolition Project

**RESOLUTION**

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, approval is hereby granted to award a one-year contract extension, at no change in contract value, to Franklin Company Contractors, Inc. of College Point, New York for the Poletti Deconstruction – Fuel Oil Yard Dike Wall Demolition Project as recommended in the attached memorandum of the President and Chief Executive Officer

**Contractor**

Franklin Company Contractors, Inc.  
College Point, NY  
PO# 4500229795

**Contract Approval**

One-Year Contract Extension  
March 21, 2015

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chair, 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 agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.