

January 28, 2014

MEMORANDUM TO THE TRUSTEES

FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER

**SUBJECT: Procurement (Services) Contract – On-Call Emergency
Environmental Spill Response Services –
Additional Funding Request**

SUMMARY

The Trustees are requested to approve additional funding in the aggregate amount of \$8 million for four on-call emergency environmental spill response services contracts. These additional funds will bring the aggregate total for these contracts to \$11.75 million.

BACKGROUND

In accordance with the Authority's Expenditure Authorization Procedures, cumulative change orders in excess of \$3 million require the Trustees' approval.

At their meeting of June 30, 2009, the Trustees approved the award of on-call contracts to five firms to provide emergency environmental spill response services for the Authority's facilities throughout the state for a term of up to five years in the total aggregate amount of \$3.75 million; contracts were awarded to four of these firms.

On January 6, 2014 at 7:02 A.M., the Authority was alerted to an unknown fault in the Y-49 transmission line ("Y-49") with potential di-electric fluid loss in C-phase of Y-49. The Authority implemented its Spill Prevention Control and Contingency Plan in response to the fault, and notified the United States Coast Guard (as well as other cognizant federal and state governmental agencies) of the incident. The Coast Guard initiated an investigation into the cause of the incident and worked with the Authority on the development and implementation of an Incident Action Plan. While the investigation is continuing, indications are the fault resulted from external damage to the cable in the seabed under the Long Island Sound, causing an ongoing leak of di-electric fluid to the water. The Authority's personnel responsible for emergency response, as well as marine support and response contractors, are working to identify the exact location of the fault and excavate the damaged section of Y-49 from the seabed. Miller Environmental Group ("Miller") was called for emergency environmental spill response, and Prysmian Group, the original equipment manufacturer, was contacted to provide fault evaluation and cable damage assessment. With the reported loss of the di-electric fluid, it is imperative to maintain pressure within the cable to prevent infiltration of salt water and heavy corrosion and additional damage to the transmission line.

A release has been made to Miller in the amount of \$2.2 million against the existing on-call Contract #4600002148 for emergency environmental spill response services previously approved by the Trustees. This release to Miller will exhaust the remaining funding of the

originally authorized aggregate \$3.75 million for the on-call contracts. These emergency environmental spill response services are currently out for bid to procure new multiyear on-call contracts encompassing all Authority operating facilities. However, because of the recent Y-49 incident, it will be necessary to increase the compensation ceiling of the existing value contracts.

To date, Miller has expended approximately \$2 million responding to the Y-49 incident, which includes performing dive operations to locate the position of the leak along the cable, installing and maintaining hard and absorbent booms, and deploying an oil recovery skimmer vessel as necessary to protect shorelines such as those that are part of the Welwyn, East Lake and Sands Point Preserves. It is anticipated that Miller will require up to an additional \$8 million for emergency environmental spill response services.

FISCAL INFORMATION

Payment associated with this Project will be made from the Authority's O&M Fund. The Authority may be able to obtain cost recovery from other entities.

RECOMMENDATION

The Senior Vice President and Chief Engineer – Operations Support Services, the Vice President – Environment, Health and Safety, 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 additional funding for the On-Call Emergency Environmental Spill Response Services Contract.

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

RESOLUTION

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, approval is hereby granted to approve additional aggregate funding for the four On-Call Emergency Environmental Spill Response Services Contracts set forth below, as recommended in the attached memorandum of the President and Chief Executive Officer.

<u>Contractors</u>	<u>Contact Summary/Approval</u>
Miller Environmental Group, Inc. (#4600002148)	\$ 3,750,000 - Original Aggregate Total
National Vacuum Corp. (#4600002156)	<u>\$ 8,000,000</u> - Current Request
Op-Tech Environmental Services (#4600002133)	<u>\$11,750,000</u> - New Aggregate Total
WRS Environmental Services, Inc. (#4600002149)	

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.