

February 26, 2015

MEMORANDUM TO THE TRUSTEES

FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER

**SUBJECT: Procurement (Services) Contract –
Poletti Power Plant –
Fuel Oil Yard Dike Wall Demolition Project –
Contract Extension**

SUMMARY

The Trustees are requested to approve a contract extension, not to exceed December 31, 2016, at no additional funding, to Purchase Order #4500229795, with 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 their 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.” 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. As per the agreement to construct the 500 MW facility, the Authority is not a “self-permitting” agency; therefore, it is required to apply for permits with the New York City Department of Buildings (“NYCDOB”) and the Fire Department of New York (“FDNY”).

Discussion

The original contract to FCC was awarded in March 2013 and was effective through March 21, 2014 at a value of \$6,925,765. Deconstruction began in July 2013; however, during construction, it was discovered that the as-built drawings did not properly represent field conditions and, as such, the kerosene and fire suppression piping required redesign, and also review and approval by the FDNY. This resulted in construction delay and, in January 2014, the Trustees approved a one-year contract extension. The FDNY rejected the new design and indicated multiple exceptions, specifically to the size and piping material. The FDNY took nine

months to complete review and resolve concerns, exhausting 60% of the subsequently approved contract extension. They granted approval to begin the work in September of 2014.

The delays experienced with the FDNY approval were non-typical and unexpected; this significantly delayed the Project. As such, Project Management staff is requesting a contract extension. Substantial completion is expected by July 2015 and full contract completion (demobilization and closeout) potentially in early 2016.

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 contract extension, not to exceed December 31, 2016, 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 the resolution below.

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 award a contract extension, not to exceed December 31, 2016, 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 foregoing memorandum of the President and Chief Executive Officer

Contractor

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

Contract Approval

**Contract Extension
Not-To-Exceed December 31, 2016**

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.