

March 26, 2015

MEMORANDUM TO THE TRUSTEES

FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER

**SUBJECT: Procurement (Services) Contract – Agreement
Between the Authority and New York State Canal
Corporation – Flashboard Installation/Removal –
Crescent and Vischer Ferry Dams – Award**

SUMMARY

The Trustees are requested to approve the award of a three-year single-source contract to the New York State Canal Corporation (“Canals”) for an authorized amount of \$710,565.81 to install and remove flashboards at the Authority’s Vischer Ferry and Crescent Dam sites in the counties of Saratoga, Schenectady and Albany.

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.

Pursuant to the Federal Energy Regulatory Commission (“FERC”) license requirements for the operation of hydroelectric facilities at the Vischer Ferry and Crescent Dams on the Mohawk River, flashboards are installed to raise the pond level to enhance the Erie Canal lock operation and navigation during the boating season. Flashboards are a series of boards installed on a dam to increase the height of the dam and thus the depth of the impounded water. The higher water levels also provide additional head for power generation. The flashboards are customarily installed in the spring and removed in the fall. However, high water events may damage the flashboard pins and/or flashboards, necessitating replacement.

The Authority does not have the equipment or resources needed to install and/or remove the flashboards and must retain a third-party with the requisite capability to perform this work. Since 2000, Canals has been retained to carry out this work. The current contract with Canals has expired, and a new contract is required before the navigation season commences.

DISCUSSION

The Canal Corporation manages navigation and the lock system on the Mohawk River and Erie Canal. It has the necessary equipment, including barge cranes, as well as the employee expertise to handle installation and removal of the flashboards. Moreover, Canals has proven itself to be highly reliable and responsive to the Authority’s needs during recent high water events. Quick repair and replacement of the flashboards cuts generation losses and facilitates

FERC compliance. In contracting for these services with a government entity, the Authority insures verifiable adherence to safety, employment and billing requirements. Due to the foregoing, staff believes that Canals provides unique capabilities and benefits that warrant awarding the contract to Canals on a single-source basis.

The proposed contract, subject to approval by the Trustees, is for three years, with a “per-event” cost of \$77,010.45 in the first year, \$78,935.71 in the second year, and \$80,909.11 in the third year. In normal years, there are two “events” -- installation and removal. However, as noted above, when high water damages the flashboards and/or flashboard pins mid-season, replacement of the boards constitutes an additional “event.” The authorized amount requested has assumed three such events per year over the three-year contract term. The “per-event” amounts are based on a detailed estimate of costs provided by Canals. Staff has reviewed the estimate of costs, which is in line with the costs charged for the previous several years, and has found them acceptable.

FISCAL INFORMATION

Payment for this service agreement will be made from the Authority’s Operating Fund.

RECOMMENDATION

The Regional Manager – Central NY and the Acting Vice President – Procurement recommend that the Trustees approve the award of a three-year single-source contract to the New York State Canal Corporation for an authorized amount of \$710,565.81 to install and remove flashboards at the Authority’s Vischer Ferry and Crescent Dam sites in the counties of Saratoga, Schenectady and Albany.

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, the award and funding of the three-year single-source procurement services contract to the New York State Canal Corporation is hereby approved for the period of time indicated, in the amounts and for the purposes listed therein, as recommended in the foregoing memorandum of the President and Chief Executive Officer;

<u>Contract</u>	<u>Contract Approval</u>
New York State Canal Corporation	<u>\$710,565.81</u>

AND BE IT FURTHER RESOLVED, That the Acting Vice President – Procurement, or designee, be, and hereby is, authorized and directed to take such actions and execute on behalf of the Authority agreements, certificates and other documents to effectuate the foregoing resolution; 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.