



**Date:** May 24, 2016

**To:** THE TRUSTEES

**From:** THE PRESIDENT and CHIEF EXECUTIVE OFFICER

**Subject:** Procurement (Services) Contract –  
Vernon Small Clean Power Plant –  
Shoreline and Bulkhead Restoration

SUMMARY

The Trustees are requested to approve a single-source award to Terra Cotta, LLC (“Terra Cotta”) of Long Island City, Queens, New York, for a duration of three years and a cost not-to-exceed \$3,279,400 to perform shoreline and bulkhead restoration work at the Authority’s Vernon Small Blvd. Clean Power Plant (“Vernon”) located in Long Island City, Queens, NY.

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.

Vernon occupies approximately 3.2 acres of land in the Long Island City section of Queens and is bordered by the East River to the west and to the north by an adjacent parcel owned by Terra Cotta. The Vernon and Terra Cotta contiguous shoreline has a collapsed bulkhead which requires replacement. In addition, there are potential soil remediation requirements for the Authority’s property and is dependent on bulkhead installation methods.

The Authority in 2001 was directed by the U.S. Army Corps of Engineers (“ACOE”) to undertake measures necessary to correct the collapsed bulkhead section on the Authority’s premises and stabilize the embankment. The Authority developed a solution to repair the bulkhead and stabilize the shoreline, however due to pending negotiations with Terra Cotta regarding the Authority’s property the work was placed on hold.

Terra Cotta has placed its and the Authority’s property in the Brownfield Cleanup Program (“BCP”) to resolve the soil remediation requirements. The initial BCP application, which included the adjacent Terra Cotta property, was submitted to the New York State Department of Environmental Conservation (“DEC”) in 2004 and was approved 2006. The Authority’s property was submitted and approved in 2009 under Terra Cotta’s BCP. Terra Cotta’s consultant Langan Engineering & Environmental Service Inc. (“Langan”) completed an Internal Remedial Measures (“IRM”) plan for both parcels of property which was submitted to the DEC for compliance with the BCP. On November 21, 2013 the IRM was approved and as the signatory Terra Cotta inherited the rights and obligations of the BCA for both parcels. Permits for the implementation of the IRM’s bulkhead and shoreline work were received from the DEC and ACOE on October 13, 2013 and January 17, 2014 respectively.

DISCUSSION

The NYSDEC and ACOE permits cannot be utilized by a third party to construct the bulkhead. Also the design and construction of a single, contiguous bulkhead along the shoreline is the most efficient and cost-effective method to complete the required work. As such, Terra Cotta and the Authority entered into an agreement on April 14, 2016 in which Terra Cotta would complete the work and the Authority would reimburse Terra Cotta up to a not-to-exceed limit of \$3,279,400. This single source contract is subject to review and approval by the office of the New York State Comptroller.

The work is anticipated to begin in late 2016 and be completed in 2017. This work is dependent on finalizing terms and conditions for construction work on Authority property. Reimbursement payments to Terra Cotta are expected to begin prior to the years end.

Terra Cotta’s engineering estimate inclusive of both parcels of property is depicted as follows:

Engineering and Design	\$ 465,000
Construction Inspection/Oversight	\$ 300,000
Construction/Installation	<u>\$ 4,335,000</u>
TOTAL	<u>\$ 5,100,000</u>

The Authority has reviewed the construction estimate for the work and finds it comparable with current Authority estimates.

FISCAL INFORMATION

Payment associated with this project will be made from the Authority’s Vernon Decommissioning Fund.

RECOMMENDATION

The Senior Vice President and Chief Engineer – Operations, the Vice President – Project Management, the Vice President – Procurement, the Assistant General Counsel – Contracts, Licensing and Environmental, and the Project Manager recommend that the Trustees approve the award of a three-year contract to Terra Cotta LLC in the amount of \$3,279,400, to perform shoreline restorations and bulkhead replacement work at the Authority’s Vernon Blvd. Small Clean Power Plant (“Vernon”) located in Long Island City, Queens, NY.

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 and the Authority's Expenditure Authorization Procedures, expenditures in the not-to-exceed amount of \$3,279,400 and for a duration of three years to Terra Cotta LLC are hereby authorized in accordance with, and as recommended in, the foregoing memorandum of the President and Chief Executive Officer;

**Contractor**

**Terra Cotta LLC  
(Long Island City,  
Queens, New York)**

**Contract Approval**

**\$3,279,400  
Three-Year Term**

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, all other officers of the Authority and the Vice President of Procurement 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.