

**Date:** July 26, 2016

**To:** THE TRUSTEES

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

**Subject:** Procurement (Services) Contract -  
NYC Department of Environmental Protection -  
Grahamsville Small Hydropower Plant -  
Contract Extension and Additional Funding

### SUMMARY

The Trustees are requested to approve an 18-month contract extension from July 1, 2016 through December 31, 2017 and additional funding in the amount of \$2,991,158.00 for a total contract amount of \$24,911,115 to provide for the continuation of Operations and Maintenance Services for the New York City Department of Environmental Protection's Grahamsville Small Hydropower Plants.

Interim approval for the month of July 2016 was granted by the Chief Operating Officer for the maintenance of uninterrupted services.

### BACKGROUND

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require the Trustees' approval for non-personal services contracts in excess of \$3 million and contracts involving services to be rendered for a period in excess of one year.

At their meeting of September 26, 2006, the Trustees approved the award of a contract to NAES Corp. (formerly North American Energy Services) (4500133069) to provide for the operation and maintenance ('O&M') of the NYC DEP East Delaware and Neversink hydroelectric facilities ("Facilities"). The original award, which was competitively bid, became effective on November 29, 2006 for an initial term of 19 months, with an option to extend for two additional years. (There are provisions in the contract to extend the contract term for additional periods of time to a maximum of nine additional years; requests to exercise any such further renewal options and approval of additional funding beyond the current levels will be presented to the Trustees for review and approval, as needed.)

Several incremental additional funding increases, as well as contract term extensions, were subsequently authorized by the Trustees, most recently at their meeting of May 22, 2014, when the approved compensation limit was increased to \$21,919,957.

### DISCUSSION

At the request of the NYC DEP, and since the need for such services is ongoing and the contract provides the aforementioned option for additional extension(s), an eighteen-month

extension is now requested to provide for the continuation of such services through the expiration of the Operating Agreement between the Authority and NYC DEP.

The current contract amount is \$21,919,957; staff projects that an additional \$2,991,158 for both plants will be required for the extended term (\$2,156,158 for O&M services and \$835,000 to support new and/or ongoing capital projects that have been identified and agreed to by the NYC DEP for the extended term).

The Trustees are requested to approve extension of the subject contract through December 31, 2017, as well as the additional funding requested, thereby increasing the approved contract value to \$2,991,158.

#### FISCAL INFORMATION

All contract renewals between the Authority and NAES are subject to the Operating Agreement between the Authority and NYC DEP. The City of New York, acting through NYC DEP, will reimburse the Authority for all direct and administrative costs.

#### RECOMMENDATION

The Executive Vice President and Chief Operating Officer - Utility Operations and the Regional Manager - Central New York recommend that the Trustees approve the 18-month contract extension from July 1, 2016 through December 31, 2017 and additional funding in the amount of \$2,991,158.00 for a total contract amount of \$24,911,115 for the continuation of Operations and Maintenance Services at the Grahamsville Small Hydropower Plants.

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, approval is hereby granted to approve an eighteen-month contract extension from July 1, 2016 through December 31, 2017 and additional funding in the amount of \$2,991,158.00 for a total contract amount of \$24,911,115 for the NAES Agreement to provide for the continuation of Operations and Maintenance Services for the New York City Department of Environmental Protection's Grahamsville Small Hydropower Plants;

<b><u>CONTRACTOR</u></b>	<b><u>ADDITIONAL FUNDING APPROVAL</u></b>	<b><u>REVISED CONTRACT AMOUNT</u></b>
<b>NAES Corp.</b>	<b><u>\$2,991,158.00</u></b>	<b><u>\$24,911,115.00</u></b>
<b>Contract No. 4500133069</b>		

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman, 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, 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.