



Date: July 30, 2015

To: THE TRUSTEES

From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: **Procurement (Services) Contract – Niagara Power Project – Transmission Life Extension and Modernization Program – Niagara Switchyard Upgrades – Contact Award**

SUMMARY

The Trustees are requested to approve the award of a three-year contract in the amount of \$12,633,300 to Ferguson Electric Construction Co. Inc. ("Ferguson") of Buffalo NY for the demolition of existing equipment; installation of new equipment; and disposal of contaminated oil-filled equipment at the Niagara Power Project switchyard. This work is part of the ongoing Transmission Life Extension and Modernization Program ("T-LEM" or "Program") and is included in Phase 1 of the Niagara Switchyard LEM.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts requires the Trustees' approval for construction contracts involving services to be rendered for a period in excess of one year. Also, the Authority's Expenditure Authorization Procedures ("EAPs") require the Trustees' approval for the award of construction contracts in excess of \$3 million.

The T-LEM is a multiyear program to upgrade the Authority's existing transmission system in order to maintain availability, increase reliability and ensure regulatory compliance. The Program encompasses NYPA's transmission assets in the Central, Northern, and Western regions and has been divided into several projects. The Program is estimated to cost \$726 million and includes:

- Upgrades, refurbishments, and replacements of switchyards and substations
- Upgrades, refurbishments, and replacements of transmission line structures, towers and associated hardware, including tower painting
- Replacement of the submarine cable on PV-20
- Work along rights-of-way, including access roads

The Niagara Switchyard LEM ("Project") is a multiyear project within the Program and includes upgrades to the 115 kV, 230 kV and 345 kV switchyards. It is estimated to cost \$267 million and is phased as follows:

- Phase 1 is estimated to cost \$154 million and includes engineering, procurement and construction to support upgrades in the 115 kV and 230 kV switchyards. On May 22, 2014, the Trustees approved Phase 1 funding in the amount of \$154 million.

- Phase 2 is estimated to cost \$113 million to continue upgrades in the 115 kV and 230 kV switchyards in addition to engineering, procurement and construction in the 345 kV switchyard.

DISCUSSION

The Project has been sequenced so that equipment replacements are aligned with relay upgrades that are currently in progress to take advantage of outages, internal resource availability and external utility upgrades. The Niagara Switchyard LEM is scheduled to be completed in 2025. This contract addresses components of Phase 1 of the Project scheduled for the period July 30, 2015 through March 20, 2017 which consists of demolition and replacement of the equipment listed below and includes, pulling and terminating cables, installing access platforms to new equipment, installing aerial cable, and equipment connections:

- 4 115 kV Circuit Breakers
- 5 230 kV Circuit Breakers
- 1 Autotransformer
- 8 Motor Operated Disconnects
- 40 Manual Disconnect Switches
- 21 Instrument Transformers
- 115 kV East Bus
- 115 kV West Bus

In response to the Authority’s Request for Proposal (Q15-5876JM) advertised in the New York State *Contract Reporter* on April 15, 2015, seventy-three (73) firms downloaded the bid document. Many of the firms that downloaded the bid document indicated that after reviewing the bid document the scope-of-work was not within their portfolio and/or they did not have the resources to execute the scope-of-work. Two firms participated in the bid walk downs; one proposal was received on May 27, 2015 as noted below:

<u>Bidder</u>	<u>Base Price</u>	<u>Evaluated Price</u>
Ferguson Electric Construction Co. Inc. Buffalo, NY	\$11,700,000	\$12,633,300

Bid addendums were issued providing technical clarification and revising quantities resulting in modification to the base price. Additionally, optional pricing was requested for the disposal of contaminated equipment. The optional amount totaling \$1.3 million will be exercised based on the outcome of testing of the oil-filled equipment.

Ferguson’s base price is within the accuracy of the Authority’s Fair Cost Estimate of \$9,648,290. Ferguson’s experience, safety record, resources and capabilities were evaluated as sufficient to perform this work. The firm has met all of the requirements of the Bidding Document and performed satisfactorily on previous NYPA Projects. It is recommended that a contract award in the amount of \$12,633,300 for the demolition and installation of the equipment noted above be made to Ferguson, the lowest-priced, technically qualified bidder. Included in this amount is an additional \$1.3 million for the disposal of contaminated oil-filled equipment.

FISCAL INFORMATION

Payment associated with this project will be made from the Authority's Capital Fund.

RECOMMENDATION

The Senior Vice President and Chief Engineer – Operations Support Services, the Vice President – Project Management, the Vice President – Engineering, the Vice President – Transmission, the Regional Manager – Niagara, the Vice President – Procurement, and the Project Manager recommend that the Trustees approve the award of a three-year contract to Ferguson Electric Construction Co. Inc. of Buffalo NY in the amount of \$12,633,300 for the demolition of existing equipment; installation of new equipment; and disposal of contaminated oil-filled equipment at the Niagara Power Project switchyard as part of the Niagara Switchyard Life Extension and Modernization 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 and the Authority's Expenditure Authorization Procedures, a contract award in the amount of \$12,633,300 to Ferguson Electric Construction Company, is hereby authorized for the demolition of existing equipment; installation of new equipment; and disposal of contaminated oil-filled equipment at the Niagara Power Project switchyard, as part of the Niagara Switchyard Life Extension and Modernization Project, as recommended in the foregoing memorandum of the President and Chief Executive Officer;

<u>Contractor</u>	<u>Contract Approval</u>
Ferguson Electric Construction Co Buffalo, NY (Q15-5786JM)	<u>\$12,633,300</u>

AND BE IT FURTHER RESOLVED, That the 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 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.