



**Date:** September 27, 2016

**To:** THE TRUSTEES

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

**Subject:** Procurement (Services) Contract - Southeast New York - Small Clean Power Plants - Operations and Maintenance Support Services - Contract Award

SUMMARY

The Trustees are requested to approve the award of a competitively bid contract to NAES Corporation ("NAES") of Issaquah, Washington, in the amount of \$38 Million, to provide services in support of the Southeast New York ("SENY") Small Clean Power Plants ("SCPPs") facilities. NAES will provide the labor, management, technical support and regulatory compliance for the SCPPs.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contract require the Trustees' approval for procurement contracts involving services to be rendered for a periods in excess of one year. Also, in accordance with the Authority's Expenditure Authorization Procedures, the award of contracts exceeding \$3 million require the Trustees' approval.

The SCPPs' management requires a contractor to supply the labor force needed to staff the facilities. The labor consists of management and local union labor to support the facilities' operations, maintenance and regulatory compliance of 10 GE LM6000 Gas Turbines located in six facilities operated by a central control room.

The term of this agreement will be five years starting January 1, 2017 through December 31, 2021. NAES is a worldwide operating company and also the incumbent contractor, which has held the contract since inception of the SCPP, winning all of the competitive bids for this contract.

DISCUSSION

In response to the Authority's Request for Proposal (Q16-6036JT) advertised in the New York State *Contract Reporter* on April 13, 2016, five proposals were received to provide the services requested to the SENY SCPPs facilities.

The proposals were reviewed by an evaluation committee consisting of SCPP Director of Operations, Operations Manager, SENY Procurement Manager and WPO Procurement Specialist. The selection was concurred by the SENY Regional Manager.

The disqualified bidders lacked the experience in the area of operating GE LM6000; the costs associated with their bids were non-competitive - reasons varied from mark-up on labor and materials to large incentives and transition costs to the new contractor. They generally did not have the expertise or corporate support needed to maintain the high level of operating excellence the Authority currently experience with NAES.

#### FISCAL INFORMATION

Funding and payments associated with this contract will be budgeted and accounted for under the SCPPs O&M Recurring Budget.

#### RECOMMENDATION

The Senior Vice President – Power Generation, the Regional Manager - SENY Operations, the Director of Operations - SCPPs and the Vice President – Procurement recommend that the Trustees approve the award of a five-year contract to NAES Corporation of Issaquah, WA in the amount of \$38 Million for operation and maintenance services for the Southeast New York (“SENY”) Small Clean Power Plant facilities.

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 Office

**RESOLUTION**

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority's Expenditure Authorization Procedures, a contract award to NAES Corporation of Issaquah, WA in the amount of \$38 million, is hereby authorized to provide operations and maintenance services at the Southeast New York Small Clean Power Plants;

**Contractor**

**NAES Corporation  
Issaquah, WA**

**Inquiry: Q16-6036JT**

**Contract Approval**

**\$38,000,000**

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 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 and all agreements, certificates and other document to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.