



Date: September 27, 2016
To: THE TRUSTEES
From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER
Subject: Acquisition of Real Property – Emergency Energy Control Center
– Town of New Hartford, Oneida County

SUMMARY

The Trustees are requested to authorize the acquisition, by purchase or eminent domain, of approximately 3 acres of real property located in the Town of New Hartford, County of Oneida, from New Hartford Office Group, LLC (“Owner”), as more particularly shown on the attached Exhibit “A,” for a sum not to exceed Thirty Thousand (\$30,000.00) Dollars per acre. The real property will serve as the site of the new Emergency Energy Control Center (“EECC”).

BACKGROUND

The Authority’s Expenditure Authorization Procedures governing real estate require the Trustees’ approval for the acquisition of a fee interest in real property where the fair market value exceeds \$10,000.

NYPA’s current EECC is located within the Marcy 765 kV switchyard, approximately 900 feet from the Clark Energy Center (“CEC”) building which houses the primary Energy Control Center (“ECC”). The Marcy 765 kV switchyard has been identified by North American Electric Reliability Corporation (“NERC”) and the Electric Power Research Institute as a critical electric power facility on the United States grid. The close proximity of the existing EECC and the ECC, however, represents operational and security vulnerability.

Originally, the EECC was designed strictly as an emergency back-up for the main Control Room located in the CEC building. Although the existing EECC independently replicates the functions performed in the main control center, its close proximity to the primary ECC raises the possibility of common failure due to the same catastrophic event. Physical and biological threats near the CEC could render both control rooms unusable. The current EECC is extremely limited in space and is inadequate for all support and administrative personnel. In addition, there is no space for a security console or CEC Alternate Emergency Operations Center (“EOC”) in the existing EECC.

NYPA’s Internal Audit Report #IS001218 (DEC, 2001) recommends that the “Transmission Business Unit management should revisit the location of the EECC and also develop a Disaster Recovery Plan that is coordinated with the Disaster Recovery Plans of IT and Power Generation who maintain systems and infrastructure critical to the continuity of the Authority’s business.”

NERC’s Reliability Readiness Evaluation Positive Observations/Recommendations (DEC 2007) recommends: “review and implement as appropriate moving the back-up control center to another location to enhance survivability and sustainability of operations.”

NERC's standards require the transition period between the loss of primary control center functionality and the time to fully implement the backup functionality to be less than or equal to two hours.

At their meeting on March 29, 2016, the Trustees approved the acquisition of property located at the former Griffiss Air Force Base in the City of Rome, Oneida County, to serve as the EECC site. However, further investigation revealed the existence of subsurface utilities and easements, and, together with the site's significant building and setback restrictions, resulted in a determination that the site was unsuitable for the project. A new property search commenced.

DISCUSSION

Real Estate staff investigated several potential locations for the EECC facility and determined that the property located on Woods Park Drive in the Town of New Hartford best met the criteria established for the facility site. The site is approximately 20 minutes from CEC and meets the aforementioned time requirement. After initial negotiations with the Owner, the parties agreed on a per-acre cost of \$30,000. Staff believes that this represents fair market value for the property. The subject parcel comprises approximately 3 acres; the precise acreage will be established by a survey to be carried out upon the Trustees' approval of the acquisition and after final negotiation with the Owner.

Acquisition of the property is subject to completion of appropriate due diligence, including verification of title and environmental testing.

FISCAL INFORMATION

Funds required for the property acquisition will come from the Authority's Capital Fund.

RECOMMENDATION

The Senior Vice President – Transmission and the Vice President – Enterprise Shared Services recommend that the Trustees approve the acquisition of approximately 3 acres of real property located in the Town of New Hartford, County of Oneida, from New Hartford Office Group, LLC for a sum not to exceed Thirty Thousand Dollars per acre.

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 provisions of Article 5, Title 1 of the Public Authorities Law, the Trustees hereby approves the acquisition, by purchase or eminent domain, of approximately 3 acres real property, shown on the map attached hereto as Exhibit "A," from New Hartford Office Group, LLC for a sum not to exceed Thirty Thousand Dollars per acre; hereby finds and determines that such real property is required for a public use and hereby determines that such real property is reasonably necessary for the pending Emergency Energy Control Center Project; and be it further

RESOLVED, That the Vice President – Enterprise Shared Services, or designee, is hereby authorized to execute any and all other agreements, papers or instruments on behalf of the Authority that may be deemed necessary or desirable to carry out the foregoing, subject to the approval by the Executive Vice President and General Counsel; 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 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.

**New York Power Authority
Proposed Alternate ECC Location
(Outlined in Blue)
The Hartford Site
Town of New Hartford
Oneida County**

Exhibit A

**NOTE: Location, and configuration of parcel
may vary pending field survey.**

