

June 26, 2012

MEMORANDUM TO THE TRUSTEES

FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER

**SUBJECT: Niagara Power Project – Winter Mooring Site –
First Buffalo River Marina – Capital Expenditure
Authorization Request**

SUMMARY

The Trustees are requested to authorize capital expenditures in the amount of \$6,225,000 for the modifications and upgrades required at the First Buffalo River Marina (“Marina”), the Authority’s winter mooring site for vessels used during ice boom operations.

The total Capital Expenditure Authorization Request for this program is \$11,300,000. Funding in the amount of \$5,075,000 was previously authorized for procurement of the property, preliminary engineering and construction work.

BACKGROUND

In accordance with the Authority’s Expenditure Authorization Procedures, capital expenditure authorizations in excess of \$3 million require Trustees approval.

At their June 29, 2010 meeting, the Trustees approved the acquisition of the Marina in the amount of \$4,400,000. The property was purchased as it is needed for the storage and work area for the Authority’s barge, two tugboats and ice-breaking vessel used to annually install, maintain and remove the Lake Erie Ice Boom. The Authority took title to the property on October 10, 2010. This site requires several modifications and upgrades to meet the Authority’s operational requirements and to continue the function of a safe-operating marina. Subsequently, at their March 29, 2011 meeting, the Trustees approved a contract of up to five years for a marina management firm to operate, maintain and manage the Marina on the Authority’s behalf.

DISCUSSION

In 2003, the City of Buffalo issued a demolition order for the existing storage building on the property. After acquiring the property, the Authority awarded a contract and demolished this building in 2011.

Staff anticipates awarding three contracts for completing the necessary site improvements. The first contract will be to secure the dilapidated Connecting Terminal Grain Elevator (CTGE). The CTGE has deteriorated and poses a safety risk to Authority personnel working on the property as well as Marina customers. The scope-of-work includes the removal of the collapsed remains of the headhouses atop the CTGE, installation of concrete planks to

cover silo openings to prevent water intrusion, netting the roof to prevent any potential future debris from blowing off or falling from the CTGE, securing window and door openings and the installation of a perimeter security fence to prevent unauthorized access. Securing of the silos will be completed by the end of 2012.

To uphold the Authority’s commitment to continue operation of the Marina, a contract for a new travel lift to launch and retrieve customers’ vessels will be procured in 2013 as the existing travel lift is exhibiting signs of excessive wear and is approaching the end of its useful life. Finally, the existing docks are in state of disrepair, causing a safety issue for Marina customers and their vessels, as well as a liability concern for the Authority and the Marina operator. A contract will be awarded to procure new docks in 2013.

The total project cost is estimated at \$11,300,000 as follows:

	<u>Previously Authorized</u>	<u>Current Request</u>	<u>Total Authorized</u>
Preliminary Engineering and Design	\$ 125,000	\$ 0	\$ 125,000
Detailed Engineering and Design	\$ 63,000	\$ 315,000	\$ 378,000
Marina Site Procurement	\$ 4,445,000	\$ 0	\$ 4,445,000
Total Construction/Installation	\$ 110,000	\$5,390,000	5,500,000
Authority Indirect and Direct Expenses	<u>\$ 332,000</u>	<u>\$ 520,000</u>	<u>\$ 852,000</u>
TOTAL	<u>\$5,075,000</u>	<u>\$6,225,000</u>	<u>\$11,300,000</u>

Funding in the amount of \$2,050,000 has been included in the 2012 approved Capital Budget. Future funding for 2013 will be included in the Capital Budget request for that year.

FISCAL INFORMATION

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

RECOMMENDATION

The Senior Vice President and Chief Engineer – Support Services Operations, the Vice President – Project Management, the Vice President – Procurement, the Project Manager and the Regional Manager – Western New York recommend that the Trustees approve capital expenditures in the amount of \$6,225,000 for the modifications and upgrades required at the First Buffalo River Marina, the Authority’s winter mooring site for vessels used during ice boom operations.

For the reasons stated, I recommend the approval of the above-requested action by adoption of a resolution in the form of the attached draft resolution.

Gil C. Quiniones
President and Chief Executive Officer

Att
NIA - Marina

RESOLUTION

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, approval is hereby granted to authorize capital expenditures in the amount of \$6,225,000 for the modifications and upgrades required at the First Buffalo River Marina, the Authority's winter mooring site for vessels used during ice boom operations, as recommended in the attached memorandum of the President and Chief Executive Officer;

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.