

December 16, 2014

MEMORANDUM TO THE TRUSTEES

FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER

**SUBJECT: Procurement (Services) Contract –
Niagara Power Project – Lewiston Pump Generating
Plant Life Extension and Modernization Program –
High Performance Coatings Project – Contract Award**

SUMMARY

The Trustees are requested to approve the award of a multiyear contract to Niagara Coatings Services, Inc. (“NCS”) of Niagara Falls, NY, in the amount of \$1,110,765, to perform surface preparation and application of high performance coatings on miscellaneous components and infrastructure associated with the Life Extension and Modernization (“LEM”) Program at the Lewiston Pump Generating Plant (“LPGP”).

In accordance with the Authority’s Guidelines for Procurement Contracts, interim approval for this contract in the amount of \$100,000 was approved in November 2014 by the Chief Operating Officer to permit the contractor to commence painting activities immediately, in an effort to meet the LPGP Unit 7 Overhaul outage schedule which is currently underway.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustees’ approval for construction contracts involving services to be rendered for a period in excess of one year.

At their June 29, 2010 meeting, the Trustees approved the LPGP LEM Program at the estimated cost of \$460 million. To date, the Trustees have approved capital expenditures in the amount of \$300 million. This requested contract award is a part of this previous capital expenditure authorization.

The objective of the LPGP LEM Program is to replace and/or rehabilitate aging generation equipment, most of which dates to 1961. A secondary objective is to increase pump and turbine efficiency, increase pump flows, increase turbine output, and increase the smooth operating range of the pump turbines. Together, these improvements to the pump turbine design would allow for improved operating efficiency, increases in the amount of production re-timed to peak demand periods, and an increase in the peaking capacity of the overall Niagara Power Project.

The scope-of-work under this contract includes the surface preparation and application of high performance coatings on miscellaneous components and infrastructure associated with the LPGP Units, including but not limited to: upper bracket deck plates, draft tube and scroll case doors, miscellaneous handrails and equipment protective cages, access hallways, exposed walls, floors, and ceilings in the Oil Cooler Rooms, etc. It also includes the waste characterization and disposal of both non-hazardous and potentially hazardous materials.

The painting activities will be scheduled and coordinated with the planned LPGP LEM outages spanning from November 2014 through December 2020.

DISCUSSION

The Authority issued a Request for Proposal (Q14-5723MR) in the New York State *Contract Reporter* on August 28, 2014. The bid documents were downloaded by forty-six (46) potential bidders. The Authority’s Fair Cost Estimate for this project is \$866,169.

On October 7, 2014, the following two proposals were received:

| <u>Firms</u> | <u>Location</u> | <u>Lump Sum</u> |
|---------------------------------|-------------------|-----------------|
| Niagara Coatings Services, Inc. | Niagara Falls, NY | \$1,110,765 |
| Tri-State Painting, Inc. | Tilton, NH | \$10,666,452 |

The proposals were reviewed by the evaluation committee comprising staff from the Niagara Power Project, Engineering, Procurement, and Project Management.

NCS was the lowest-priced, technically qualified bidder. Its proposal was consistent with the Authority’s Fair Cost Estimate, and as such, Tri-State was not further evaluated.. NCS has extensive experience in coating projects, has demonstrated knowledge of the scope-of-work, and is capable of completing this project in accordance with the required schedule. In addition, NCS has performed to the Authority’s satisfaction on previous projects.

FISCAL INFORMATION

Payment associated with this project will be made from the Authority’s Capital Fund. Future year funding will be included in the Capital Budget requests for those years.

RECOMMENDATION

The Senior Vice President and Chief Engineer – Operations Support Services, the Acting Vice President – Project Management, the Vice President – Engineering, the Acting Vice President – Procurement, the Project Manager and the Regional Manager of Western New York recommend that the Trustees approve the award of a multiyear contract to Niagara Coatings Services, Inc., of Niagara Falls, NY in the amount of \$1,110,765, for the High Performance Coatings Project associated with the Life Extension and Modernization Program at the Lewiston Pump Generating Plant.

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, approval is hereby granted to award a multiyear contract to Niagara Coatings Services, Inc. of Niagara Falls, NY, in the amount of \$1,110,765, for the Lewiston Pump Generating Plant Life Extension and Modernization Program – High Performance Coatings Project, as recommended in the foregoing memorandum of the President and Chief Executive Officer;

Contractor

Niagara Coatings Services, Inc.
Niagara Falls, NY
(Q14-5723MR)

Contract Approval

\$1,110,765

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