

December 16, 2014

MEMORANDUM TO THE TRUSTEES

FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER

**SUBJECT: Procurement (Services) Contract –
Blenheim-Gilboa Power Project –
Support Facilities Improvement Project – Phase II
Capital Expenditure Authorization and Contract Award**

SUMMARY

The Trustees are requested to authorize capital expenditures in the total amount of \$12.925 million and approve the award of a contract to LeChase Construction Services, LLC (“LeChase”) headquartered in Rochester, NY, in the amount of \$7.595 million, for Phase II – New Office and Warehouse Building Complex of the Support Facilities Improvement Project at Blenheim-Gilboa Power Project (“B-G”).

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustees’ approval for procurement contracts involving services to be rendered for a period in excess of one year. Also, in accordance with the Authority’s Expenditure Authorization Procedures, the award of non-personal services or equipment purchase contracts exceeding \$3 million require the Trustees’ approval.

This funding request includes engineering/design, procurement and construction of a new Office and Warehouse Building Complex just outside B-G’s north security gate.

Most of B-G’s support buildings, such as those occupied by Real Estate, Transmission, and Warehouse operations date back to its initial construction in 1969. Accordingly, these buildings are outdated, energy inefficient, not ideally located, and require significant investment in order for them to be suitable for continued long-term service. In an era of much tighter generating plant security requirements driven by regulatory mandates, relocating these support groups outside the plant’s security perimeter will significantly enhance plant security; increase safety for staff and site visitors and improve overall plant efficiency.

DISCUSSION

Phase II of the Support Facilities Improvement Project includes the following tasks: Engineering and architectural design of the new Office and Warehouse Building Complex, Construction of the new Office and Warehouse Building Complex, Procurement of office furniture and warehouse equipment, and relocation of warehouse inventory to the new facility.

The Authority advertised a Request for Quotation (“RFQ”) (**Q14-5622DK**) in the New York State *Contract Reporter* and bid packages for the Office and Warehouse Building Complex were made available on May 30, 2014. Seven (7) proposals were received on July 15, 2014. The proposals were reviewed by an evaluation committee comprised of staff from C&S Engineers (Engineer of Record), BG Operations, Engineering, Procurement, and Project Management.

The Evaluation Committee reviewed in detail the two lowest bids received. Based on that review, the committee decided to disqualify the lowest original bidder because: 1) they did not include in their bid a full-time onsite QA/QC representative or a full-time onsite construction manager to handle construction activities as required by the RFQ specifications; 2) they failed to submit all required information requested by the RFQ documents, such as their organization chart, plan to achieve the 20% M/WBE goals, and construction experience on similar projects; and 3) there was a reluctance to share relevant information regarding details of their bid during the bid clarification phone conference call.

The Evaluation Committee concluded that LeChase submitted the lowest priced, technically acceptable bid. LeChase has extensive experience in construction of this magnitude, has demonstrated knowledge of the scope-of-work and is capable of completing this project in a timely manner. The contract work will begin in January 2015 and is expected to be completed by July 2016.

Phase I – Construction of the new security building, site development and installation of the new power supply to the spillway, in the amount of \$11.446 million, was approved by the Trustees at their September 2013 meeting. Additional funding of \$980,000 was approved by the President and Chief Executive Officer on November 7, 2014 to address the unanticipated environmental requirements (DEC and Army Corps of Engineers) and regulatory approvals (FERC). Phase I of the project will be completed in December 2014.

This additional capital expenditure authorization for Phase II is comprised of the following:

Task	Capital Expenditures
Engineering/Design	\$630,000
Procurement	\$1,150,000
Construction/Installation	\$9,600,000
Authority Direct & Indirect	\$1,545,000
Total:	\$12,925,000

FISCAL INFORMATION

Payments 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 Acting Vice President – Project Management, the Vice President – Engineering and the Regional Manager – Central New York recommend that the Trustee authorize capital expenditures in the amount of \$12.925 million and approve the award of a contract in the amount of \$7.595 million to LeChase Construction Services for Phase II of the Facilities Improvement Project at the Blenheim-Gilboa Power 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, approval is hereby granted to authorize capital expenditures in the amount of \$12.925 million for Phase II of the Support Facilities Improvement Project at the Blenheim-Gilboa Power Project as recommended in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, approval is hereby granted to award a contract to LeChase Construction Services, LLC. in the amount of \$7.595 million to furnish all labor, materials, and equipment to construct a new Office and Warehouse Building Complex at the Blenheim-Gilboa Power Project.

CONTRACTOR

LeChase Construction Services, LLC.
Rochester, NY
(Q14-5622DK)

CONTRACT APPROVAL

\$7.595 million

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.