



Roosevelt Island Operating Corporation

ANDREW M. CUOMO
Governor

SUSAN G. ROSENTHAL
President & CEO

BOARD OF DIRECTORS
RuthAnne Visnauskas, Chair, Commissioner of NYSHCR
Robert F. Mujica Jr., Director of BUDGET
Conway S. Ekpo
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David Kapell
David Kraut
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Michael Shinozaki

Agenda Item V, 2. June 4, 2020

PROPOSED RESOLUTION

AUTHORIZATION TO AMEND THE CONTRACT WITH LIRO PROGRAM & CONSTRUCTION MANAGEMENT P.E., PC FOR OWNER'S REPRESENTATIVE SERVICES FOR CAPITAL PROJECTS & STRATEGIC PLANNING

RESOLVED by the Board of Directors of the Roosevelt Island Operating Corporation of the State of New York (“RIOC”), as follows:

- Section 1. that RIOC is hereby authorized to amend the contract with LiRo Program & Construction Management P.E., PC for Owner's Representative Services for Capital Projects & Strategic Planning upon such terms and conditions substantially similar to those outlined in the Memorandum from Shelton J. Haynes to Susan G. Rosenthal/Board of Directors dated May 26, 2020, attached hereto;
- Section 2. that the President/Chief Executive Officer or her designee is hereby authorized to take such actions and execute such instruments as she deems necessary to effectuate the foregoing; and
- Section 3. that this resolution shall take effect immediately.



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TO: Susan G. Rosenthal, President/CEO and the Board of Directors

FROM: Shelton J Haynes, Chief Operating Officer

DATE: May 26, 2020

RE: 18-34576 – Authorization to amend the contract with LiRo Program & Construction Management P.E., PC

Overview: Upon receiving Board approval at the March 7, 2019 Roosevelt Island Operating Corporation (RIOC) Board of Directors meeting, RIOC entered into a three-year contract with LiRo Program & Construction Management P.E., PC (LiRo) to provide Owner's Representative Services for Capital Projects and Strategic Planning, at a value of \$2,073,880.

RIOC is now seeking authorization to increase the contract value to \$5,673,880M (an increase of \$3.6M); to allow for LiRo's continued services on approximately 25 active capital projects and services and for new work through the end of the contract term in March 2022.

This request was calculated using the existing project schedules, projected costs from LiRo for their services on these projects and applying an average project charge for essential infrastructure projects included in the approved Capital Plan for the remainder of the contract duration.

Background:

Upon execution of the contract, RIOC transferred approximately 15 active projects over to LiRo, as its new Owner's Representative (Owner's Rep), to provide project management services and oversee them, as needed by RIOC staff, to completion.

LiRo also assumed the responsibility of correcting poor workmanship that it discovered on many of our projects due to a lack of effective project management and ultimately caused change orders. Additionally, other duties and responsibilities defined for LiRo included:

1. Construction Oversight: Daily oversight of construction activities is required.

2. Technical Reviews: LiRo would perform a “constructability review” prior to bidding for construction services. The analysis/review includes:
 - a. Comparison of contract drawings and technical specifications to confirm a consistent description is on both documents
 - b. Review of contract drawings to ensure all work is shown and cross referenced properly
 - c. Review of contract drawings to ensure dimensions and quantities are clearly shown
 - d. Completion of a final estimate based upon the quantities and description in the contract documents.

3. Cost Estimating: LiRo to provide cost estimates for all projects beginning in the design phase.

The complex nature of projects that were started in the Spring/Summer of 2019 resulted in six large scale project assignments to LiRo staff. Additionally, LiRo was also assigned the task of closing out several long-term projects that were stalled resulting in a total of five full-time LiRo staff assigned to manage the program at **significantly higher, monthly costs.**

Results to Date

Cost Savings: This year we realized a savings of over \$1.4M through LiRo’s negotiations of terms and costs for additional construction work. In addition, when compared to the past two fiscal years:

	Total Value Approved Change Orders	Total No. of Change Orders
Pre-LiRo (2 yr. Average 2017/2018)	\$ 3,027,333.02	52.5
LiRo (2019)	\$ 512,348.98	25
RIOC Projected Annual Cost Savings	\$ 2,514,984.04	

Project Completions: During the first year of their contract (March 2019 – March 2020), LiRo helped to complete seven construction projects on schedule:

- 2 of 7 were delayed projects (Island wide Sea Railing, Blackwell House Interiors)
- 4 of 7 were completed at or below the executed contract amount, the fifth was completed within the project contingency.

Better Pricing: Five Constructability Reviews were completed since March 2019 (Motorgate (post bid), Southpoint Park Rip Rap Revetment, Hope Memorial, Sports Park Phase I and Blackwell Park Pavers). Although it is too early to analyze the change orders, the competitive bids received for the projects that underwent this review were within range of the estimate generated by LiRo. We will track change order requests as the project advances through construction.

Justification: LiRo provides exemplary service with highly qualified staff that have saved the Corporation money; completed projects on time; identified procedural efficiencies and identified solutions to resolve issues associated with two projects that were significantly delayed and over budget.

They are also now subject matter experts for the projects in RIOC's portfolio, including several complex projects that are ready for construction procurement. Moreover, their services are needed to ensure that the projects currently underway are completed professionally, timely, and safely which will also shield against the risk of liability to the Corporation for potential claims that could result from a lack of effective oversight. The continuation of LiRo's services is cost effective and best for the Corporation.

Recommendation: Based on the above, I recommend that, subject to the satisfaction of all contracting requirements, that the Board of Directors authorize and approve amending the contract maximum with LiRo Program & Construction Management P.E., PC to a maximum value of \$5.6M. The contract term shall remain three years, due to expire in 2022.