



Roosevelt Island Operating Corporation

ANDREW M. CUOMO
Governor

SUSAN G. ROSENTHAL
President & CEO

BOARD OF DIRECTORS

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Robert F. Mujica Jr., Director of BUDGET
Conway S. Ekpo
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David Kraut
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Agenda Item V, 5. October 17, 2019

PROPOSED RESOLUTION

AUTHORIZATION TO AMEND CONTRACT WITH SEA CREST CONSTRUCTION CORP.
FOR CONSTRUCTION OF THE ELEVATOR
AT THE MANHATTAN AERIAL TRAMWAY STATION

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 Sea Crest Construction Corp. for construction of the elevator at the Manhattan Aerial Tramway station upon such terms and conditions substantially similar to those outlined in the Memorandum from Jonna Carmona-Graf to Susan G. Rosenthal/ RIOC Board of Directors, dated October 3, 2019, 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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MEMO

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

FROM: Jonna Carmona-Graf, AVP of Capital Planning and Projects

DATE: October 03, 2019

RE: 17-33574 Manhattan Tram Elevator Project – Sea Crest Construction Corporation
Authorization to increase contract value Change Order#3

Background: A contract between RIOC and Sea Crest Construction Corporation (Sea Crest) for the Tram Elevator Project in the amount of \$5,580,000.00 was executed on December 12, 2017. This contract was approved by the Board on October 19, 2017 with a 10% contingency of \$558,000.00, bringing the total approved value for the project to \$6,138,000.00.

The scope of work includes construction of new elevator structures including foundation, walls and providing the elevator cabs. Since this is an addition to the existing structure it falls under the purview of the NYC DOB (DOB). As part of the DOB paperwork needed to obtain a construction permit, the Engineer of record (EOR) must provide construction drawings and testing reports for the foundation system. The testing for new foundations includes, soil borings which are cylinder core of soil samplings in the area of the new structure. The testing company must then provide a log indicating the location of the sampling, depth of the boring, quality of material and classification of the material as to the category of bearing capacity for the soil.

This is presented to the EOR in the design phase and is used to develop the proposed design submitted to the DOB for review and approval. A construction permit may be obtained by the contractor after DOB renders the application approved.

Sea Crest obtained a DOB construction permit and began excavation operations on site in September 2018. In accordance with DOB requirements, a third-party entity must witness work operations related to foundation work. This testing is a method for checks and balances to ensure the actual condition throughout the site aligns with the conditions included in the boring results submitted as part of the approved DOB application. RIOC hired Atlantic Engineering Laboratories (AEL) to perform this task.

AEL was called to inspect soil testing operations on 9/13/18. Upon inspection they noticed inconsistencies with the materials on site and issued a fail report to the existing soil. Per DOB protocol, Big Apple Testing Inc. (Big Apple), the testing company that performed the initial sampling included in the DOB application was called to the site. Big Apple reviewed AEL's report, performed further investigation on site and completed additional borings, after which they concluded that information in AEL's report was accurate and changes to the foundation design was required. Contract work on site could not advance because the installation of the foundation must be complete to perform other work activities.

The new design must be completed by the EOR, GC Eng & Associates (GC Eng) and then resubmitted to the DOB for review and approval prior to the contractor reapplying for a construction permit from DOB. GC Eng hired Langan as a subconsultant to perform geotechnical engineer tasks and provide foundation design recommendations.

Issue: Sea Crest submitted a change order proposal for additional materials and increased quantities for contract items related to new foundation design and for delays caused by unforeseen subsurface conditions.

Concurrent with the redesign work being performed by the EOR, RIOC and Sea Crest held several meetings to discuss Sea Crest's proposal for a delay claim and materials change orders submitted. To avoid further delay to the project, both parties agreed to create separate change order packages for incremental review and execution as appropriate.

The scope of work for the pile foundation system is consistent within industry standards, if the actual conditions of the soil were known during the design phase, the EOR would be required to provide geotechnical services for the foundation design. The materials for this foundation system would have been included in the construction documents submitted and approved by DOB and issued for bid. The delays to the project, were caused by inconsistent soil borings data. As such, RIOC has engaged outside counsel to determine the cause of said inconsistencies and determine how/if we can recoup costs associated with the delay of the project from any of the parties involved in the preparation of the original construction documents.

Sea Crest resubmitted the first change order package for foundation concrete and piles to RIOC on September 27, 2019, in the amount of \$828,383.59. The change order includes costs is attributed to:

- Concrete foundation redesign
- Permit renewal costs due to extension of time
- Labor & Material escalations due to delay
- Extension of time

Justification: The change order package was reviewed by the EOR, RIOC and LiRo. The price and scope of work included in the change order for pile foundation are reasonable and consistent with industry standards. This information will be forwarded to outside counsel as documentation for the claim to recoup costs associated with delays.

Recommendation: Based on the above, we recommend the Board of Directors authorize an amendment increase the overall value and duration of the contract. As such we request approval of \$828,383.59 for the change order, with a 15% contingency of \$124,257.54 bringing the total authorized amount to \$7,090,641.13. The project duration should be extended to December 21, 2020.