



LOWER MANHATTAN DEVELOPMENT CORPORATION

REQUEST FOR PROPOSALS INTEGRITY MONITOR

*The Lower Manhattan Development Corporation, a subsidiary of
the New York State Urban Development Corporation
d/b/a Empire State Development Corporation,
seeks proposals to provide integrity monitorship services
relating to the World Trade Center Memorial and Cultural
Program construction projects.*

Lower Manhattan Development Corporation
John C. Whitehead, Chairman
Kevin M. Rampe, President

July 19, 2004

Deadline for responses: August 12, 2004, 5:00 PM EST

Questions must be submitted in writing no later than **July 30, 2004** to Mandy Chalfant by mail to LMDC or by facsimile to: (212) 962-2431. Addenda to this RFP, including responses to any questions, will be posted on the LMDC web site www.renewnyc.com by **August 4, 2004**. LMDC will not accept, and cannot respond to, questions via any other methods.

I. GENERAL INFORMATION

A. Mission and Structure of the Lower Manhattan Development Corporation

The Lower Manhattan Development Corporation (“LMDC”) was established in late 2001 to develop and revitalize Lower Manhattan in the aftermath of the September 11, 2001 terrorist attacks. As it relates to the work of LMDC, Lower Manhattan refers to all areas in Manhattan south of Houston Street.

LMDC is a subsidiary of the New York State Urban Development Corporation, doing business as Empire State Development Corporation (“ESDC”), a political subdivision and public benefit corporation of the State of New York, created by Chapter 24 of the Laws of New York, 1968, as amended. LMDC is governed by a sixteen member Board of Directors, eight of whom were nominated by the Governor of the State of New York and eight of whom were nominated by the Mayor of the City of New York.

LMDC is funded by federal appropriations administered by the United States Department of Housing and Urban Development (“HUD”) through its Community Development Block Grant (“CDBG”) program. To date, approximately \$2.8 billion has been allocated to LMDC under such appropriations. (See Defense Appropriations Act of 2002, Public Law 107-117 and Supplemental Appropriations Act of 2002 for Further Recovery from and Response to Terrorist Attacks on the United States, Public Law 107-206). Partial Action Plans relating to the expenditure of some of these funds are available on LMDC’s web site:

<http://www.renewnyc.com>.

B. Summary of the Memorial and Cultural Program

The centerpieces of LMDC’s efforts are the creation of a permanent memorial remembering and honoring the thousands of innocent men, women, and children lost in the terrorist attacks (the “Memorial”) and cooperation with other public and private entities in the revitalization and redevelopment of the World Trade Center Site (the “WTC Site”) and adjacent areas (the Southern Site”). The Southern Site includes those properties commonly known as 130 Liberty Street, 140 Liberty Street and 155 Cedar Street. The WTC Site and the Southern Site will be referred to collectively as the “Site”. In cooperation with the Port Authority of New York and New Jersey (Port Authority), LMDC developed the World Trade Center Memorial and Redevelopment Plan (“WTC Memorial and Redevelopment Plan” or “Plan”) and conducted a coordinated environmental review of the Plan which culminated in a Record of Decision dated June 2, 2004.

Consistent with that Plan, LMDC will implement a World Trade Center Memorial and Cultural Program (the “Memorial Program”) and Port Authority will implement the commercial Redevelopment Program. The Memorial Program, for which construction is expected to begin

in 2006, includes the planning, coordination and construction of a Memorial and Memorial Center, memorial-related improvements and cultural uses at the Site.

In carrying out the Memorial Program, LMDC conducted an international competition that in January 2004 resulted in the selection of a winning Memorial design, *Reflecting Absence* by architect Michael Arad and landscape architect Peter Walker. An interpretive museum will be developed, known as the Memorial Center, which will tell the story of the events of September 11, 2001 and February 26, 1993.

Also part of the Memorial Program is the development of two sites for cultural buildings at the WTC Site. On June 10, 2004, LMDC, joined by Governor George E. Pataki and Mayor Michael R. Bloomberg, announced the selection of four institutions: The Joyce International Dance Center, the Signature Theater, the International Freedom Center and the Drawing Center who have been offered space at the WTC Cultural Center on the WTC Site. Over the next approximately six (6) months, the four institutions will work closely with the LMDC to create a detailed analysis of their proposed programming, funding capacity, and space allocation.

One of the parcels proposed for redevelopment is 130 Liberty Street, on which the Deutsche Bank building is situated ("130 Liberty Site"). The Deutsche Bank building was severely damaged on September 11, 2001 and remains unoccupied. Pursuant to a mediated settlement agreement among Deutsche Bank, its insurers, and LMDC, LMDC will acquire the 130 Liberty Site and be responsible for costs associated with the remediation and deconstruction of the Deutsche Bank building. The acquisition of the 130 Liberty Site is necessary for the implementation of the WTC Memorial and Redevelopment Plan insofar as it will permit the construction of bus parking, reduce density on the WTC Site by moving the proposed fifth office tower to the 130 Liberty Site, and thus permit the reservation of sufficient space for the proposed memorial and cultural facilities on the WTC Site itself.

LMDC will provide the initial funding for the design, development, and construction of the Memorial and Memorial Center, the acquisition, remediation, and deconstruction of the 130 Liberty Site, and challenge grants to assist in the costs of creating the WTC Cultural Center. The LMDC will oversee the overall implementation of the Memorial, Memorial Center, and cultural programming and possibly, elements of the Redevelopment Program, including all required coordination with the Port Authority, HUD, the State of New York, the City of New York, and other public and private entities. LMDC will also continue to coordinate the Memorial Program with the plans and implementation schedule for the Redevelopment Program.

C. Overview of Services Requested and the Submission Process

LMDC needs the services of a firm to serve as an Integrity Monitor in connection with the various construction projects anticipated to be funded by the LMDC in connection with the WTC Memorial and Redevelopment Plan. This includes the deconstruction of the 130 Liberty Street Site, and construction of the Memorial, Memorial Center, and the WTC Cultural Center.

There may be additional construction activities related to the WTC Memorial and Redevelopment Plan that would be funded by LMDC. LMDC may select one or more firms to provide some of the requested services, or LMDC may select a single firm to provide all services requested. Firms interested in submitting proposals to provide such services are required to follow the recommended guidelines and instructions contained in this Request for Proposals ("RFP"). In the event it becomes necessary to revise any part of this RFP, revisions will be provided by addenda posted on the LMDC web site: <http://www.renewnyc.com>.

Proposals should provide a straightforward, complete and concise description of the firm's capabilities to satisfy the requirements of the RFP. Please prepare six (6) copies of your proposal and work samples. Each copy of the proposal should be bound in a single volume and include any documentation you may wish to submit.

Firms submitting a proposal in response to this RFP may be required to give an oral presentation of their proposal to LMDC. This oral presentation may provide an opportunity for the firms to clarify or elaborate on the proposal but will in no way change the original submission. Engagement staff should be present at the oral presentation. LMDC's request for an oral presentation shall not constitute acceptance of a proposal.

Proposals must be received no later than 5:00 PM EST, August 12, 2004. Deliver all proposals to:

RFP/RFQ PROCESSOR
Lower Manhattan Development Corporation
One Liberty Plaza, 20th Floor
New York, NY 10006
Attn: Integrity Monitor RFP

LMDC reserves the right to reject any or all proposals submitted if such election is deemed to be in the best interest of LMDC. LMDC assumes no obligation, no responsibility and no liability for costs incurred by the responding firms prior to the issuance of a contract.

The current schedule for this effort is as follows:

- July 19, 2004 – RFP Issued
- August 12, 2004 – Responses Due
- August 23–27, 2004 – Oral Presentations Conducted
- September 9, 2004 – Firm Selected

Subject to annual review and approval by the LMDC Board of Directors, the selected firms will be retained for three years with an option for LMDC to renew.

II. ANTICIPATED SCOPE OF SERVICES

LMDC is seeking one or more firms to assist LMDC in its planning, development and revitalization work in Lower Manhattan. LMDC requests proposals for one or more firms to provide services including but not limited to the scope of work described generally below.

A. Purpose and Project Area

Since its inception LMDC has sought to insure that each of the programs it funds proceeds with the utmost integrity. To assist in that effort, in July 2002 LMDC retained the services of a compliance auditor to guide it in the formation and execution of internal controls, policies and procedures to minimize the risk of loss from fraud while allowing the prompt payment of Residential Grant Program funds. In August 2003 LMDC retained the services of two integrity screening consultants to assist LMDC in its review and analysis of the background information provided by entities seeking to do business with, or seek grants from, the LMDC.

As the LMDC now moves forward with the funding of various construction projects as part of the Memorial Program, it seeks to retain the services of an integrity monitor to assist in providing the necessary oversight and monitoring of these projects, including but not limited to the deconstruction of 130 Liberty Street. The purposes of instituting an integrity monitorship would be: first, to prevent fraud, waste, abuse and/or corruption; second, to detect it; and, third, if detected, to coordinate with LMDC and appropriate government entities the definitive and effective actions to be taken.

B. Scope of Project

The Integrity Monitor will work with the LMDC in designing an appropriate integrity monitorship program for the 130 Liberty Site cleanup and deconstruction and the construction of the Memorial, the Memorial Center, and the WTC Cultural Center.

130 Liberty Street is a forty-two (42) story, approximately 1.5 million square foot office building and is scheduled to be removed down to the top of the foundation walls, including but not limited to, removal and disposal of all interior walls, stairs, ceilings, floor coverings, mechanical, electrical and plumbing items, exterior skin, superstructure concrete and structural steel.

LMDC intends to contract with Gilbane Building Company for the demolition of the building and structures located at the 130 Liberty Site. It is anticipated that Gilbane will, in turn, enter into subcontracts with entities to perform the gross cleaning, general demolition, mechanical plumbing, sprinkler, and electrical removal, and environmental monitoring work necessary to the deconstruction.

It is anticipated that work on the 130 Liberty Site deconstruction will commence in the fall of 2004. That work will consist generally of: (a) a gross cleaning and preparation of the building at the 130 Liberty Site for demolition; (b) deconstructing and demolishing the building; (c)

undertaking environmental monitoring during the demolition of the building; (d) transporting all waste and debris from the 130 Liberty Site and disposing of same; and (e) upon completion of the demolition and removal, backfilling, grading, and paving the Site as appropriate. LMDC anticipates independently retaining the services of construction management and environmental monitoring firms pursuant to a separate process.

In order to effectively monitor for integrity risks the Integrity Monitor must understand the types of corruption and fraud that may occur, as well as the safety and environmental schemes that can be committed by vendors. The team must also have the expertise and industry knowledge to allow it to create proactive, customized solutions to prevent or deter fraud, corruption and/or safety/environmental violations from occurring, while not inhibiting the project's schedule, cost, or contractor performance.

It is anticipated that the Integrity Monitor team would have sophisticated legal, auditing, investigative, and loss prevention skills with particular expertise in the investigation and prosecution of construction, labor, and environmental fraud schemes. The team would also include individuals with expertise in construction management, architecture, and safety compliance. The LMDC seeks a firm with expertise in the creation and implementation of policies and procedures to ensure that the entities engaged in the LMDC-funded construction projects comply with relevant law and regulations, as well as the proven ability to prevent, deter, uncover and report unethical and illegal conduct.

The specific scope of work of the Integrity Monitor may include, but is not limited to, the following:

1. Conduct a review all existing procedures and processes for fraud, corruption, cost abuse, safety, and environmental risks.

At the outset, the monitor would obtain information on all entities performing on the projects. The monitor should review and analyze the risks inherent in all pre-construction, construction, and post-construction procedures, including but not limited to the procurement process, invoice procedures, and the environmental and safety compliance. A review and understanding of all contracts, union and trade agreements would all be necessary.

2. Work in consultation with LMDC management to design and implement corruption prevention programs.

Based on its findings, the monitor would recommend and implement procedures designed to mitigate all risks identified in its initial review. The monitor would provide ongoing audit and investigative services as necessary, to include, but not be limited to, establishing and maintaining a Fraud Prevention Hotline, conducting on-site inspections of work, inspections of the make-up and use of labor, compliance with collective bargaining agreements and M/WBE requirements, compliance with state and federal labor laws, review and monitoring of worker safety plans and procedures, and compliance audits of waste disposal facilities and transports.

3. Budget review and monitoring.

The monitor would periodically review the general contractor's or construction manager's budget, including specific budgetary amounts allocated for each trade, general condition and contingency costs, and any changes in scope, holds, contingency, allowances, or other miscellaneous additions or credits.

4. Records review and compliance.

The monitor would periodically review the general contractor's records maintenance, with specific attention to documentation and record keeping related to the bidding process, change-orders, payment applications, insurance certificates, and environmental and safety records.

5. Administrative review and oversight.

The monitor would conduct forensic reviews of project cost, including the analysis of all requisitions and supporting documentation, payments, change-orders, change-order requisitions and supporting documentation, payments to vendors, equipment invoices, bond payment reconciliation, certified payroll reports, and site logs, trucking bills, etc.

6. Operational review, investigation and oversight.

As needed and directed by the LMDC, the monitor would provide written reports of its audits and/or investigations, and may be called upon to meet with law enforcement officials as appropriate. The monitor would also provide a post construction review to include a forensic audit of all LMDC-funded costs.

C. Anticipated Project Schedule

It is anticipated that consultant selection will be complete and contracts signed in early September 2004. Work will begin immediately thereafter pursuant to authorized work orders. It is anticipated that activities related to the deconstruction of the 130 Liberty Site property will commence in the fall 2004 and continue in 2005. Construction drawings for the Memorial are scheduled for completion June 1, 2005, with construction completed in 2008.

III. SUBMISSION REQUIREMENTS

Please letter your responses exactly as the questions are presented herein. Please limit your submission to ten (10) one-sided pages, not including work samples, which must be included in a separate, bound, appendix. Interested firms are invited to submit proposals that contain the following information:

A. Experience, Structure, and Personnel

1. A history of the firm's experience providing integrity monitoring services to economic development organizations, municipalities, other governmental entities, private developers, not-for-profits and civic organizations.

2. A description of the firm's organizational structure, including resumes of the principals, project manager(s) and professional staff who would work directly with LMDC should the firm be selected.
3. Samples of up to five (5) major projects that the firm has completed in the areas of integrity monitorship, particularly in the field of construction. Samples may be redacted if necessary. Include the client, the name of a contact person who is able to provide a reference, a description of the nature of the work, the size and complexity of the project, and the amount and the agreed fee arrangements.
4. Any other information that you believe would make the firm's work on behalf of LMDC superior to that of other firms or information about your firm's specialty or particular skill to perform a specific requested service.

B. Methodological Approach

1. A description of how the firm intends to address the anticipated scope of services set forth in Section II of this RFP. In particular, a description of how the firm would propose to structure and staff an integrity monitoring program for the 130 Liberty Site deconstruction project.
2. A statement explaining the firm's approach to integrity monitorship, including methods, audit and analytical techniques, or models, etc. that would be employed.
3. If the firm is not proposing to provide all requested services, please include a statement of which specific services the firm proposes to provide.

C. Fee

1. Total estimated firm fee for completion of the project, a specific fee proposal for the 130 Liberty Site deconstruction integrity monitorship, and whether the firm would be willing to agree to a cap.
2. The normal hourly rate of each principal and staff member whose resume is provided or whose job category may be required, and the rate used in the proposal.
3. A list of anticipated reimbursable expenses and the rate charged for each.
4. Any reduced fees offered to other municipalities, governmental entities, economic development or nonprofit organizations, and civic organizations.
5. Any other fees or charges.

NOTE: The fee proposal must be submitted in a separate, clearly marked, sealed envelope. The fees will not be opened until all proposals have been initially evaluated. Although proposed fees will be taken into account, LMDC reserves the right to negotiate a lower or different fee structure with any firm that is selected.

D. Contact Information (NOTE: does not count toward 10-page limit)

On a single cover sheet in your proposal, please provide:

1. The lead firm or individual name;
2. The lead firm's contact person;
3. License or certification information of lead firm principal or individuals working on the LMDC project;
4. Telephone, fax, and wireless numbers for firm principals or individuals working on the LMDC project;
5. E-mail address for firm principals or individuals working on the LMDC project;
6. The street address of lead firm or individual;
7. The year the firm or individual practice established;
8. The MBE/WBE status of the firms (Minority-owned Business Enterprise or Women-owned Business Enterprise, as certified by New York State);
9. The type of work or specialty and size of firm; and
10. The signature of the lead individual, and the date of the signature.

E. Conflicts of Interest (NOTE: does not count toward 10-page limit)

1. Submit a statement describing any potential conflict of interest or appearance of impropriety, relating to other clients of the firm, or officers, directors, and employees of LMDC, that could be created by providing services to LMDC.
2. Indicate what procedures will be followed to detect and notify LMDC and to resolve any conflicts of interest.
3. Indicate any pending litigation and/or regulatory action by any oversight body or entity that could have an adverse material impact on the firm's ability to serve LMDC.
4. Indicate if the firm has ever had a prior contract with any governmental entity terminated for any reason, and provide an explanation.
5. Submit a completed Standard Business Background Questionnaire (Attachment 3).
6. Submit a completed Contractor Disclosure Contracts Form and the Contractor Disclosure of prior Non-Responsibility Determinations form (Attachment 5) in compliance with New York State Executive Order 127.

F. Non-discrimination Policy (NOTE: Does not count toward 10-page limit)

1. Firms with 50 or more employees shall submit a copy of their nondiscrimination or affirmative action plan.
2. Firms with less than 50 employees shall submit a statement of their commitment to equal opportunity and affirmative action from their chief executive officer.

3. Each responding firm must also complete and submit both
 - (a) Attachment 1 relating to the anticipated workforce to be utilized on the contract, and
 - (b) Attachment 2 relating to the anticipated participation of minority and women-owned business enterprises as subcontractors, if any.

All information and documents described in subsections A through F above must be included or addressed in the submission.

IV. CRITERIA FOR SELECTION

In evaluating proposals submitted pursuant to this request, LMDC places high value on the following factors, not necessarily in order of importance:

- Approaches in methodology with respect to the anticipated scope of services that demonstrate maximum comprehension of and ability to provide such services to LMDC.
- Demonstrated knowledge of the construction industry, with particular knowledge of the various construction, labor, and environmental fraud schemes that may be encountered in that industry.
- Experience of firm and employees to be assigned to the project in general, and in particular, experience in providing integrity monitor services on construction projects in New York City.
- Quality of work product as demonstrated in submitted work samples.
- Innovative or outstanding work by firm that demonstrates the firm's unique qualifications to provide integrity monitor services.
- Number, complexity, and nature of integrity monitorships handled by the firm.
- Selected firm's staff ability, availability and facility for working with LMDC directors, officers, staff and consultants.
- Experience in working as part of a complex consultant team on a project involving multiple government and private entity interests.
- Conformity with or exceeding of applicable LMDC's policies as noted herein, including specific policies relating to nondiscrimination and affirmative subcontracting goals.
- Projected cost of services.

V. CONTRACT TERMS AND REQUIREMENTS

The contents of the proposal prepared by the successful firms, with any amendments approved by LMDC, will become a part of the contract that is signed as a result of this RFP Process. The selected firms will be required to:

- Work with LMDC staff and its consultants to provide integrity monitor services to LMDC on matters that may arise in connection with the planning, development, and revitalization of Lower Manhattan.
- Maintain accurate accounting records and other evidence pertaining to costs incurred in providing services, and on LMDC request, to make such records available to LMDC at all reasonable times during the contract period and for six (6) years after the date of the final payment to the firms under the contract.
- Assume sole responsibility for the complete effort as required by this RFP, and be the sole point of contact with regard to contractual matters.
- Refrain from assigning, transferring, conveying, subletting or otherwise disposing of the contract or its rights, titles or interest therein or its power to execute such agreement to any other person, firm, partnership, company, or corporation without the prior consent and approval in writing of LMDC.
- Comply with applicable law governing projects initiated or supported by LMDC, including all applicable HUD requirements and regulations.

LMDC may hire more than one firm that responds to this RFP. LMDC has no preference that all services be provided by the same firm and firms may choose to submit qualifications to provide less than all of the anticipated scope of services. Responding firms must specify which services they are proposing to provide. LMDC will review all proposals without prejudice regarding which services are proposed.

LMDC reserves the right to terminate any contract entered into as a result of this RFP at any time, provided that written notice has been given to the firm at least thirty (30) days prior to such proposed termination date.

VI. MISCELLANEOUS CONDITIONS

A. Obligation Only on Formal Contract

The issuance of this RFP, the submission of a response by any firm, and the acceptance of such response by LMDC do not obligate LMDC in any manner. Legal obligations will only arise on the execution of a formal contract by LMDC and the firm(s) selected by LMDC. LMDC's formal contract will consist of more than one schedule, including one substantially in the form of the accompanying "Schedule A" (Attachment 4). LMDC provides this form for informational purposes only and may amend its schedules from time to time.

Responses to this RFP will be prepared at the sole cost and expense of the proposing firms. No materials submitted in response to this RFP will be returned.

B. LMDC Reservation of Rights

LMDC may (i) amend, modify, or withdraw this RFP, (ii) revise requirements of this RFP, (iii) require supplemental statements or information from any firm, (iv) accept or reject any or all responses hereto, (v) extend the deadline for submission of responses thereto, (vi) negotiate or hold discussions with any respondent and to waive defects and allow corrections of deficient responses which do not completely conform to the instructions contained herein, and (vii) cancel this RFP, in whole or in part, if LMDC deems it in its best interest to do so. LMDC may exercise the foregoing rights at any time without notice and without liability to any proposing firm or any other party for their expenses incurred in the preparation of the responses hereto or otherwise.

C. Nondiscrimination and Affirmative Action Policies

It is the policy of the State of New York and LMDC to comply with all federal, state and local laws, policies, orders, rules and regulations which prohibit unlawful discrimination because of race, creed, color, national origin, sex, sexual orientation, age, disability or marital status, and to take affirmative action in working with contracting parties to ensure that Minority and Women-owned Business Enterprises (“M/WBEs”), Minority Group Members and women share in the economic opportunities generated by LMDC’s participation in projects or initiatives, and/or the use of LMDC funds. As a subsidiary of ESDC, LMDC follows ESDC’s non-discrimination and affirmative action policy will apply to any contract entered into as a result of this RFP. LMDC has established a 20% M/WBE participation goal for its entire redevelopment project. The selected firm(s) shall be required to use best efforts to provide for the meaningful participation of United States M/WBE’s, Minority Group Members and women in the execution of this contract. A copy of each responding firm’s equal employment opportunity policy statement, Attachment 1 relating to the anticipated workforce to be utilized on the contract and Attachment 2 relating to the anticipated participation by M/WBEs as subcontractors, shall be included as part of the response to the RFP. The ESDC Affirmative Action Unit (“AAU”) is available to assist you in identifying M/WBEs certified by the State of New York that can provide goods and services in connection with the contract anticipated by this RFP. If you require M/WBE listings, please call the AAU at (212) 803-3224.