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LICH bidder cries foul, oddly

Dan Goldberg

Brooklyn Health Partners' proposal to redevelop Long Island College Hospital is "absurd" and "preposterous," according to a letter from one of the losing bidders asking for judicial intervention.

The claim, the latest twist in the 15-month saga to sell LICH, is all the more bizarre because it is based on math no one appears able to verify, and relies on information no one should have known.

Stranger still, the charge is leveled by the winning bidder's cousin, who just happened to live in the same Mount Vernon home that was used as an address for both their bids.

SUNY, the state entity that runs the money-losing hospital and has been trying for months to unload it, solicited the bids as part of a deal with community advocates and health care workers' unions to try to find a buyer that would continue to maintain at least part of the property as a hospital.

The bids were then scored by a panel that included representatives of the state as well as the unions and community groups.

Derek Oubre, whose Trindade Value Partners proposal ranked fifth behind bids from B.H.P., Peebles Company, Fortis Property Group and Prime Healthcare Services, sent a letter to Justice Johnny Lee Baynes saying the proposal being negotiated between SUNY and Brooklyn Health Partners is so unrealistic it should be disqualified.

"On page 21 of the Brooklyn Health Partners proposal BHP states $300 million for construction of a new hospital," Oubre wrote.

Oubre believes that's a lowball estimate.

One question, though, is how he knows what B.H.P. proposed. In the version of the bid that's available to the public, Page 21 is redacted. And a SUNY spokesman said he was unaware of any unredacted copies making their way to losing bidders.

Further, Oubre's letter was written on March 28--a week before SUNY announced the scores. The proposals at that point were still under review.

Oubre is a cousin of Merrell Schexnydre, the winning bidder, and both used a Mount Vernon residential address when submitting their proposals.

Schexnydre told Capital last week that the two were contemplating bidding together but a"family squabble" caused the cousins to go in different directions and each submit their own bid. He declined to say exactly what the argument was about.
Oubre, earlier in the week, declined to comment beyond saying there was more to the disagreement than family turmoil.

But if Oubre was privy to information that other bidders were unaware of, then it would appear there was a conflict of interest.

Oubre did not return calls for comment on Friday.

In his letter to Baynes, he argues that B.H.P.'s proposal to build a brand-new 300- to 400-bed hospital for $300 million is a farce.

"Never in the recent history of New York has a new full-service 400 bed hospital been constructed for $300 million," he wrote. "Given know [sic] standards and norms, BHP's statement must be deemed false and result in their automatic disqualification. … Simply put, any offeror who fails to commit to the cost of completing the renovations or new construction necessary to provide the services they promise has not really provided a full-service proposal."

Oubre's letter states that the New York Building Congress, which he sometimes refers to in the letter as the US Building Congress, estimates that it costs $1,300 per square foot to build a hospital and each bed requires 1,350 square feet of space. Oubre reasons, therefore, that a 300 bed hospital would cost $526 million. A 400 bed hospital, by this math, would cost $702 million.

It is not clear where Oubre is getting his numbers.

REED Construction Data, a construction information firm, estimates the cost of building a hospital in Brooklyn to be $415 per square foot.

In 2008, the New York Building Congress estimated the cost to be $600 per square-foot, but was not immediately able to provide a more recent estimate. There is no evidence, however, that they ever used $1,300 per square foot as a number.

"We believe that the citation of the New York Building Congress for that statistic was in error," Bud Perrone, a spokesman for NYBC, told Capital.

Oubre did not respond to calls or emails asking where he got his number.

But if one were to assume that prices rose 20 percent since 2008, then the cost of building would be roughly $720 per square-foot. That would allow for a 300-bed hospital to come in under $300 million.

A B.H.P. spokeswoman declined to comment directly on the letter but provided the following statement from spokeswoman Donnette Dunbar: "BHP's sole focus is finalizing our contract with SUNY so we can move forward with building the citizens of Brooklyn a first-class, full-service hospital."

SUNY and BHP have until May 4 to close a deal. If they do, B.H.P. is required to provide a non-refundable $25 million deposit. If they don't, SUNY is legally required to open negotiations with The Peebles Company, which scored second-highest but does not contemplate a full-service hospital.