

March 25, 2014

MEMORANDUM TO THE TRUSTEES

FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER

**SUBJECT: Procurement (Services) Contract –
Information Technology Operations Network –
Time Warner Cable Inc. – Contract Award**

SUMMARY

The Trustees are requested to authorize award of a contract to Time Warner Cable Inc. in the amount of \$3,780,000 for a term of five years in order to implement a new Operations Network. These expenditures have been previously approved by the Trustees in the 2013 Operations Network and Fiber Network Capital Expenditure Authorization Request (“CEAR”).

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.

The Authority’s Expenditure Authorization Procedures (“EAPs”) require the Trustees’ approval for the award of non-personal services, construction, equipment purchase or non-procurement contracts in excess of \$3 million, as well as personal services contracts in excess of \$1 million if low bidder, or \$500,000 if sole-source, single-source or non-low bidder.

Time Warner Cable is under the New York State Office of General Services (“OGS”) State Contract for telecommunications services and currently provides the Operational and Business Network backbone communications service between NYPA’s major locations. This contract with Time Warner would provide new communications infrastructure to connect the Authority’s sixty (60) operational locations to the existing Time Warner Operational Network. These new locations include NYPA offsite operational facilities, the New York Independent System Operator (“NYISO”) and other utilities.

Services include, but are not limited to, providing high-speed network connectivity over a secured switch network based on fiber optics to support all operational communications including SCADA, Telemetry, Protective Relay, Security and Control Room communications. The system will have the ability to prioritize traffic by quality and class of service.

This five-year contract will include capital expenses in the amount of \$2.4 million and O&M expenses in the amount of \$1.38 million.

DISCUSSION

Time Warner Cable Inc. will build and maintain this Operations Network in parallel with the NYPA Business Network. This new environment will have security and monitoring built in from the ground up in order to meet and exceed current North American Electric Reliability Corporation (“NERC”) Critical Infrastructure Protection (“CIP”) compliance and audit requirements.

The establishment of this new infrastructure will provide the following:

- Aggregate all circuits under one contract with a single carrier
- Segregation of the Operations Network from the Corporate Business Network
- Provide a new environment to monitor all Operations Circuits for Cyber Security
- Provide a Centralized Management of the Status and Health of all circuits
- Reduce Costs of Operation

This contract is a multi-year effort with implementation beginning in 2014 and all locations scheduled to be operational by year end 2015. Services will be billed as locations are activated with the contract termination in December 2019.

FISCAL INFORMATION

Implementation costs associated with this project will be made from the Capital Fund, while monthly recurring services will be charged to O&M.

RECOMMENDATION

The Senior Vice President – Enterprise Shared Services, the Chief Information Officer – Informational Technology and the Acting Vice President – Procurement recommend that the Trustees approve the award of a five-year contract to Time Warner Cable Inc. in the amount of \$3,780,000.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Gil C. Quinones
President and Chief Executive Officer

RESOLUTION

RESOLVED, That in accordance with the Authority's Expenditure Authorization Procedures, capital expenditures are hereby approved as recommended in the foregoing memorandum of the President and Chief Executive Officer, in the amount and for the purpose listed below:

<u>Capital</u>	<u>Expenditure Authorization</u>
Time Warner Cable Inc. Request for Contract Approval	<u>\$3,780,000</u>

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.