

February 26, 2015

**MEMORANDUM TO THE TRUSTEES**

**FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER**

**SUBJECT: Information Technology –  
Application Development Initiatives –  
Capital Expenditure Authorization Request**

**SUMMARY**

The Trustees are requested to authorize capital expenditures in the amount of \$6,000,750 for the implementation of Information Technology's ("IT") Application Development Initiatives as per the Authority's Expenditure Authorization Procedures ("EAPs"). These expenditures have been included in the 2015 approved Capital budget.

**BACKGROUND**

In accordance with the Authority's EAPs, the award of non-personal services or equipment purchase 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 or non-low bidder, requires the Trustees' approval.

Each year, in concert with the Business Units, IT develops a list of initiatives designed to meet the Authority's business needs, taking advantage of the evolving technology applications. The application developments have been funded from a capital program called Application Development Initiatives. This Capital Expenditure Authorization Request ("CEAR") represents the funding required to implement application development initiatives throughout the Authority.

**DISCUSSION**

The Authority's Information Technology Application Development group has a portfolio of more than 100 systems that develop numerous business applications. Additionally, the Application Development systems includes development and implementation of SAP ERP modules, database management, NYISO functions and line-of-business systems at all facilities, that ensure that the businesses are able to run in a consistent, efficient manner.

To ensure that the Authority's Application Development continues to meet performance and business requirements, IT has developed expenditure requirements for 2015. These expenditures will provide increased reliability by implementing and replacing aging systems.

This initiative consists of development and implementation of new equipment, replacement and major upgrades to systems and equipment to support the Authority's IT applications.

Specific application efforts for 2015 include:

- SAP Implementations
- ERM Energy Trading Portal
- Mobile Platform Creation
- Net Development

The following lists the 2015 Application Development Implementation costs:

• <b>Application Development Initiative Procurement</b>	<b>\$ 4,815,000</b>
• <b>Internal NYPA Labor</b>	<b>\$ 900,000</b>
• <b>HQ Overhead</b>	<b><u>\$ 285,750</u></b>
<b>Total</b>	<b><u>\$6,000,750</u></b>

#### FISCAL INFORMATION

Payments associated with this project will be made from the Capital Fund.

#### RECOMMENDATION

The Chief Information Officer – Information Technology recommends that the Trustees approve the Capital Expenditure Request in the amount of \$6,000,750 for the Application Development Initiatives described above.

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

Gil C. Quiniones  
President and Chief Executive Officer

**RESOLUTION**

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

<b><u>Capital</u></b>	<b><u>Expenditure Authorization</u></b>
<b>Application Development Initiatives</b>	<b><u>\$6,000,750</u></b>

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.