



**Date:** July 26, 2016

**To:** THE TRUSTEES

**From:** THE PRESIDENT and CHIEF EXECUTIVE OFFICER

**Subject:** Information Technology – Canal Corporation Initiatives –  
Capital Expenditure Authorization Request

SUMMARY

The Trustees are requested to authorize capital expenditures in the amount of \$28,554,455 for the implementation of Information Technology's ("IT") Canal Corporation ("Canal") Initiatives as per the Authority's Expenditure Authorization Procedures ("EAPs"). These expenditures are emergent and were not included in the 2016 submitted Capital budget.

No contract awards are being requested at this time. All future contract requests associated with this capital expenditure authorization will be in accordance with the Authority's EAPs.

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.

DISCUSSION

To ensure that the Authority continues to meet performance and business requirements, Information Technology has developed expenditure requirements for the Canal transfer.

The Authority will be responsible for Canal's operations beginning January 1, 2017. In preparation for this, IT has put together an emergent capital budget based on bottoms-up planning. This planning was through the established Authority Canal Integration Management Office ("IMO").

Canal currently uses a shared services model through the New York State Thruway Authority for many Enterprise Resource Planning ("ERP") functions such as Human Resources, Procurement, Financial Accounting, Accounts Payable and Accounts Receivable. Canal also currently relies on the New York State Thruway Authority for IT services such as Information Technology System Operations for both Enterprise/Horizontal applications (e.g. PeopleSoft ERP, Email, and Telephony), as well as Departmental/Vertical applications (e.g. Operations, Project Management and GIS). In total, approximately 120 Canal systems have been identified and need to be reviewed for possible transition to the Authority.

This initiative is based on the implementation of the preliminary Target Operating Model ("TOM") which was published on May 19, 2016. Some of Canal's systems will be migrated

directly and continue to operate currently (e.g. Email), while others will require changes to the Canal business process and operate either the same as, or similar to, the Authority's current environment (e.g. PeopleSoft migration to SAP).

The Authority's IT group has several teams which cover the functional areas of Application Development, Application Services, Cyber Security, Governance & Policy, Infrastructure, and IT Project Management. Each of these teams will be involved in the transfer of Canal.

These expenditures will provide the ability to implement necessary Information Technology infrastructure and systems for the transfer of Canal, as well as increase business capacity and capability through new system implementations.

This initiative consists of infrastructure, hardware, software, telecommunications, systems integration, and business process changes related to Authority's Information Technology systems. The result will be the transfer to the new target operating model for all I T related systems.

This funding will be used to procure, install, integrate and implement business related systems including areas such as:

- Enterprise Resource Planning ("ERP")
  - Financial Accounting
  - Budgeting
  - Accounts Payable
  - Accounts Receivable
  - Payroll
  - Procurement
  - Human Resources
- Audit
- Website
- Engineering/Operations
- Environmental and Safety Systems
- Facilities
- Legal
- Project Management

In addition, it will procure, install, integrated and implement an IT infrastructure which will include areas such as:

- Email / Messaging / Active Directory
- End User Computing
- Information Security / Compliance
- Infrastructure Management

- IT Operations
- Network & Telephony Management
- File Services
- Print Services

The following lists the Information Technology Canal Initiative costs:

• IT Canal Initiative Procurement	\$ 7,834,869
• Consulting & Contractor Services	\$ 19,359,850
HQ Overhead	<u>\$ 1,359,736</u>
Total	<u>\$ 28,554,455</u>

### 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 Authorization Request in the amount of \$28,554,455 for the Information Technology Initiatives.

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:

<u>Capital</u>	<u>Expenditure Authorization</u>
Information Technology Canal Initiatives	<u>\$ 28,554,455</u>

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman, 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.