

# **NEW YORK CITY WATER BOARD**

**NYC Water Board Meeting - 3/23/2021**

[START RECORDING]

MR. OMAR NAZEM: I'm going to suggest if everyone is ready, let's get going. Mr. Chairman, is that okay with you?

MR. ALFONSO CARNEY: It's perfectly okay and if I call you Commander Nazem don't be offended.

[Laughter]

MR. NAZEM: I'm going to run through a number of--as quickly as I can--a number of administrative housekeeping items before we start the formal portion of the meeting. Probably everyone has heard me say this about ten times now. But I just want make sure we are clear and on the same page and the benefit is really to anyone who is calling into one of these meetings who has not been on the phone before and heard me say this. So, to state clearly this is a business meeting. It's the New York City Water Board. Normally, we hold these meetings in person. However, due to the ongoing health issues of the pandemic we are working in this remote conference call format. We will be maintaining all the transparency of records that we normally do and posting minutes

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1 of the transcription of the meeting's content to  
2 the water board's website a couple of days from  
3 now. I'll give you that website shortly. I  
4 would ask everybody to please keep their phone  
5 on mute unless you are speaking in order to  
6 limit the amount of background noise. We are  
7 making a recording of this meeting, which will  
8 not itself be published--it actually will be  
9 published on the website as well as the  
10 transcription on - - the recording normally  
11 made. The public is always again welcome to  
12 submit feedback or comments to the board on  
13 anything they may have in terms of questions  
14 with board business or billing or anything they  
15 like via email or by phone number or by written  
16 correspondence to the board. This meeting is  
17 not the forum to do that. There are other  
18 forums for that. This meeting is not that. The  
19 meeting materials we will be discussing are  
20 already posted to the water board website. You  
21 can access those at [nyc.gov/nycwaterboard](http://nyc.gov/nycwaterboard).  
22 There on the right-hand side is a little  
23 vertical column labeled announcements. If you  
24 look under announcements, there's a clickable  
25

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1 link that says meeting materials. If you open  
2 that up, there's a PDF packet with exactly the  
3 same materials all the members and all DEP  
4 personnel have in front of them now. You'll see  
5 the agenda and all the other documents we'll be  
6 discussing. And you're free to follow along if  
7 you like. That's the information we maintain on  
8 the water board for some time to come. The last  
9 thing, for any members who have difficulty  
10 hearing, we have a real time text captioning  
11 feature that's available - -. It's run through  
12 streamtext.net. You have to access it by  
13 clicking URL, which is fairly lengthy. So, I'm  
14 not going to read the entire URL. But if you  
15 want to get it, what you do is go to that--go to  
16 the water board website like I said  
17 nyc.gov/nycwaterboard. Under announcements like  
18 the PDF for the meeting materials, on the agenda  
19 page, which is page number two of the packet at  
20 the very bottom there's a long URL with  
21 streamtext.net. Copy and paste that to your  
22 Internet browser and you can get closed  
23 captioning in real time of the contents - - the  
24 transcript again the audio will be posted to the

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1 website later on. With all that said, I'm going  
2 to hand it now to board's secretary Al Rodriguez  
3 to start the formal business of the meeting.  
4

5 MR. ALBERT RODRIGUEZ: All right. This is  
6 Al Rodriguez, the board secretary. I'm now  
7 going to call the roll. Chairman Carney.

8 MR. CARNEY: Here.

9 MR. RODRIGUEZ: Member Carolina.

10 DR. DEMETRIUS CAROLINA: Present.

11 MR. RODRIGUEZ: Thank you. Member  
12 Fernandez-Ketcham.

13 MS. EVELYN FERNANDEZ-KETCHAM: Here.

14 MR. RODRIGUEZ: Thank you. Member Freed.

15 MR. ADAM FREED: Present.

16 MR. RODRIGUEZ: Member Goldin.

17 MR. JONATHAN GOLDIN: Present.

18 MR. RODRIGUEZ: Member Hsu.

19 MR. JUKAY HSU: Present.

20 MR. RODRIGUEZ: Member Shaw.

21 MR. ARLENE SHAW: Present.

22 MR. RODRIGUEZ: Thank you all. Mr.  
23 Chairman, we have a board quorum.

24 MR. CARNEY: Mr. Secretary, thank you very  
25 much. To members, staff and any guests on the

1  
2 call to what is our first meeting of the  
3 calendar year, it's great to get together even  
4 if it is virtual. I looked up virtual recently  
5 and there are a number of definitions. One of  
6 them suggests that if a thing is virtual it's  
7 simply made to exist--made to appear to exist  
8 when in fact it doesn't, which raises the  
9 question whether we're actually having these  
10 meetings. That said--I'm sorry. I didn't get  
11 the snicker I was looking for.

12 FEMALE VOICE: Some of us our muted but I  
13 appreciate it.

14 MR. CARNEY: Well, anyway, welcome to all of  
15 you and happy spring on what is really a fairly  
16 dreary day weather-wise in New York. And of  
17 course, it is dreary too because it is Monday  
18 after yet another mass shooting. Our thoughts  
19 are with the victims and their families. Some  
20 of us were very moved by what happened  
21 yesterday--very upset about it. It's a terrible  
22 commentary on any number of things. Having said  
23 that we will go to the first agenda item, which  
24 comprises the minutes of the November 19, 2020  
25 meeting assuming the members have all had a

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1 chance to review the minutes. Are there any  
2 comments or changed recommended? Hearing none,  
3 may I have a motion to approve the resolution.  
4

5 MALE VOICE: So, moved.

6 MR. CARNEY: Thank you very much. Adam, was  
7 that you or Demetrius was that you?

8 MR. FREED: It was me, Adam.

9 MR. CARNEY: Okay. Adam, thank you. Is  
10 there a second?

11 MR. GOLDIN: This is John. Second.

12 MR. CARNEY: John, thank you very much.  
13 What I'll do since we have only two resolutions  
14 today and it won't require a lot of extra time  
15 is to ask the secretary to call the roll and we  
16 can--either you are voting approval or you're  
17 disapproving or you're abstaining. Mr.  
18 Secretary.

19 MR. RODRIGUEZ: Member Carolina, how do you  
20 vote?

21 DR. CAROLINA: Approved.

22 MR. RODRIGUEZ: Member Fernandez-Ketcham,  
23 how do you vote?

24 MS. FERNANDEZ-KETCHAM: Approve.

25 MR. RODRIGUEZ: Thank you. Member Freed,

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how do you vote?

MR. FREED: - - .

MR. RODRIGUEZ: Member Goldin, how do you  
vote?

MR. GOLDIN: Approved.

MR. RODRIGUEZ: Thank you. Member Hsu, how  
do you vote?

MR. HSU: Approved.

MR. RODRIGUEZ: Member Shaw, how do you  
vote?

MS. SHAW: Approved.

MR. RODRIGUEZ: Chairman Carney, how do you  
vote?

MR. CARNEY: Approved.

MR. RODRIGUEZ: Thank you. That resolution  
has been approved, Mr. Chairman.

MR. CARNEY: And unanimously. The next  
agenda item is a presentation on the proposed  
deployment of the design-build. Whoever is  
going to do this has got the floor.

MR. JOSEPH MURIN: Thank you, Mr. Chair.  
This is--good morning, Chair Carney and fellow  
board members. This is Executive Director Joe  
Murin of the water board. Thank you for

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1 attending today. I'm going to give a very brief  
2 overview of the presentation that's going to be  
3 made on the design-build because the details  
4 will be got into by the team. But I wanted to  
5 go through and express why we're coming to the  
6 board for this review and consideration of a  
7 design-build support and advisory contract.  
8 Many of you may or may not be familiar with  
9 design-build and we'll go into that but we have  
10 this authorization from the New York State  
11 legislature and the governor signed to consider  
12 design-build and it's a known means of  
13 contracting and delivering capital projects that  
14 have been working throughout the country for  
15 many years. It's not as well-developed in the  
16 New York City region in the city itself because  
17 there has been some restrictions. Some of that  
18 is now getting listed and we're hoping that this  
19 will become a recurring tool that we'll have in  
20 our capital delivery portfolio. And why we're  
21 here today is that unfortunately when this was  
22 passed or given the consideration when it was  
23 passed, the deadline for having projects for  
24 consideration established by the legislation was

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1 December 31, 2020. And that put quite a  
2 constraint on our ability to go through and  
3 fully understand and know how to deliver such  
4 projects, you know, considering that we have  
5 never done this before at DEP. Compounding that  
6 has been the fact that we do have certain  
7 constraints not having the expertise as well as  
8 the staffing that, you know, would have the  
9 ability to manage design-build procurement. And  
10 that was even further added to during the past  
11 year with the pandemic having taken place. So  
12 that's why we want to bring this to the board  
13 for their consideration. We do expect that  
14 design-build will be an effective tool both for,  
15 you know, time--making more timely delivery on  
16 capital projects as well as we hope for cost  
17 effective capital projects which we expect would  
18 then help the system both - - being able to  
19 delivery more capital projects within the  
20 framework of the funding that we have or even  
21 act as a potential future rate mitigation, you  
22 know, which is, you know, primary purpose of  
23 what the board's responsibility is. We do have  
24 a team of, you know, DEP personnel that will be

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1 speaking. It's going to be Deputy Commissioner  
2 Ana Barrio, who is the head of the Bureau of  
3 Engineering Design and Construction for DEP  
4 Agency Chief Contracting Officer Elisa  
5 Velasquez, Chief of Staff to the Commissioner  
6 Kimberly Cipriano, Deputy CFO, Michael O'Keefe,  
7 Deputy ACCO Joe Vaicels, and Chief of Staff to  
8 Deputy Commissioner Barrio, Lindsey Degueldre.  
9 I will also - - ask that as people go through  
10 the presentation, they will be referring to the  
11 packet that Omar has posted on the website and  
12 that all the board members have. Each member of  
13 the DEP team will identify themselves and  
14 they'll also reference, you know, both for the  
15 transcript as well as for following through what  
16 slide they're referring to and we expect that  
17 we'll pause each - - slide so that board members  
18 can ask any questions and engage in a dialogue  
19 as to, you know, the need for this contract.

21 MR. CARNEY: So, you would prefer that we  
22 not interrupt going page to page, but only at  
23 the end of each of the pages if we have  
24 questions. Is that your preference?

25 MR. MURIN: I defer to the board members.

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1  
2 If there's something they really do feel, I  
3 would just, you know, ask them that they do say,  
4 you know, yes, they could interrupt. I think it  
5 will flow easier but, you know, I think that if  
6 they see something compelling, they should feel  
7 free to interrupt the speaker. But the speaker  
8 will-can answer it the same at the end as well.

9 MR. CARNEY: Thank you, sir. Thank you.

10 MR. MURIN: No, thank you. So, with that  
11 being said I'm going to turn the presentation  
12 over to Deputy Commissioner Barrio. Ana.

13 MS. ANA BARRIO: Thank you, Joe, and good  
14 morning everyone and thank you so much to the  
15 board for this opportunity for DEP to talk to  
16 all of you about design-build. It's exciting  
17 for us and it's a new approach. It's a new way  
18 to deliver projects and we're going to talk  
19 today about benefits as well as what we have  
20 done so far and what our critical metrics are.  
21 Before I go into design-build I do want to talk  
22 a little bit about the design-bid-build, which  
23 is the standard today. As some of you may know,  
24 it's a very linear process whereby DEP as the  
25 owner will contract a designer, the general

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1 contractor, as well as the construction project  
2 manager. In some instances, we also hire a  
3 contractor--up to four contractors for the four  
4 major trades. This would be for general  
5 construction, plumbing, electrical and heating  
6 and ventilation. As you can see, this process I  
7 am - -. This process is linear. There's not a  
8 lot of overlap between the process and that in  
9 itself creates rifts in the schedule and rifts  
10 in the cost as well. Now with design-build that  
11 we recently were given authorization to pursue--  
12 this was a little--about 15 months ago actually.  
13 It's a new approach but it's a change in how we  
14 delivery our projects. It's a different  
15 mindset. It's a different process. Contracting  
16 negotiation and delivery are all different and  
17 you will hear more about that from my colleagues  
18 later on in the presentation. We as the active  
19 owners will hire a single design-build team.  
20 This team will span the design construction and  
21 commissioning of the entire project. So, one  
22 entity is responsible for the cost, the schedule  
23 and performance as opposed to having for example  
24 three separate entities, which would be the  
25

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1 designer, the builder, and the construction  
2 project manager. Having one entity avoids the  
3 situation where you have the entities possibly  
4 blaming each other as to who owns what whether  
5 into the design or the construction or the  
6 project management of the project. So, design-  
7 build--it's a holistic approach. It's basically  
8 DEP as the owner working with one firm as  
9 opposed to DEP as the owner working with  
10 multiple firms. If we go onto slide number  
11 three, design-build benefits. And before I go  
12 into the benefits, I want to say that to gain  
13 these benefits through another project delivery  
14 tool, again we have to change the way that we  
15 deliver our projects. And it is critical that  
16 we gain the confidence of the industry at the  
17 outset of this program. This is why we have  
18 worked diligently over the last 15 months to get  
19 to the point that we're at now. But to the  
20 benefits. It's faster construction. Obviously,  
21 there's one procurement instead of two and  
22 possibly there are more procurements if we do  
23 the construction manager or additional  
24 contractors. It's faster construction because a

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1 lot of the work can be done in parallel. The  
2 design-build can be both at once. It's teamwork  
3 with a single point of responsibility. And  
4 faster construction is very important to DEP and  
5 obviously for the city due to the criticality of  
6 our assets. There is cost savings. We're  
7 looking at likely about five percent--could be  
8 more. You know? If you look at the numbers  
9 nationwide, sometimes they're higher. And there  
10 are cost savings because there's a - -  
11 communication between the integrated team, the  
12 designer and the builder. This state of  
13 communication limits the changes. So, there are  
14 savings on both time and money. Another benefit  
15 is that the owner gains cost certainly earlier  
16 in the project life cycle resulting in lower  
17 likelihood of cost overruns and of course change  
18 orders as well. The allocation of individual  
19 project risk is apparent and agreed to upfront.  
20 This is where DEP will negotiate the risk  
21 allocation at the outset and again, you have  
22 some very good negotiating risks, but design-  
23 build projects are different projects and we  
24 have to change the way that we do business in  
25

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1 our negotiations. There's also accountability  
2 of risk. Going by outside vendors is  
3 concentrated in a single vendor group. So as  
4 opposed-as I said earlier-to dealing with  
5 multiple entities, we're dealing with one  
6 entity. And lastly there is room for innovation  
7 and, you know, who doesn't embrace innovation.  
8 The design-build team has more project control  
9 and accountability. Design-builders want to  
10 meet performance needs. None of - - minimum  
11 design requirements and this is where design-  
12 builders are compelled to be more innovative in  
13 delivering their projects. If you look at the  
14 illustration that's on the bottom, the owner's  
15 role are multiple roles and that the designer's  
16 role is to deliver the entire project. And what  
17 we're talking about here today is how some of  
18 those roles are going to change for DEP. I  
19 would like to pause here to see if there are any  
20 questions before I turn it over to our chief of  
21 staff.  
22

23 MR. CARNEY: Members - - .

24 [Crosstalk]

25 MS. SHAW: - - . I have a question. Yeah.

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1 I just--Ana--and I don't know. I looked through  
2 the presentation. Sorry. This is Arlene Shaw.  
3 I looked through the presentation. I don't  
4 think it covered--one of the things I just would  
5 love to understand and maybe if it's not in here  
6 we can circle back on it. But what's the impact  
7 of taking this approach on our ability to  
8 procure WMBE contractors. I know DEP has  
9 traditionally had a tough time doing that with  
10 the, you know, sort of the--for the idea being  
11 that it's hard to find WMBE's to scale. So, you  
12 know, I think that this would create a larger  
13 barrier because you're talking about you need  
14 someone who has basically all elements in-house.  
15 So, I just want to sort of understand. Has  
16 anyone kind of ran the analysis on how does this  
17 impact our kind of efforts to get more WMBE's  
18 inside of the DEP contracting, you know, sort of  
19 procurement.

21 MR. CARNEY: Arlene, it's one of my  
22 questions too. Deputy Commissioner, if somebody  
23 is going to address that then we'll put a pin in  
24 the question until we get to that presenter.  
25 But if not, then would somebody think through

1  
2 that a bit while we're sitting here and let us  
3 know the answer to that.

4 MS. BARRIO: Yes. Thank you, Arlene. Thank  
5 you both for that question. Our chief  
6 contracting officer is going to speak later on.  
7 So, let's pin it until later in the  
8 presentation.

9 MR. CARNEY: Thank you, Deputy Commissioner.  
10 I have a couple of questions. This is Al  
11 Carney.

12 MS. BARRIO: Hello.

13 MR. CARNEY: Where does--in the design-bid-  
14 build approach, where is the--where does the bid  
15 occur? And I'm looking, I'm looking at the...

16 MS. BARRIO: Okay.

17 MR. CARNEY: At the visual, but...

18 MS. BARRIO: Okay.

19 MR. CARNEY: Where is the bid?

20 MS. BARRIO: So, let me walk you through the  
21 process. I'll start--it's actually a little  
22 more complex than what we're showing. So, to  
23 hire a designer, we would issue a request for  
24 proposal. After the design has been completed,  
25 we will issue a bid and we will also issue an

1 RFP for a construction manager. That can be  
2 done in parallel, but it's after the design has  
3 been completed.  
4

5 MR. CARNEY: Okay.

6 MS. BARRIO: So, we design, we bid the  
7 project with a general contractor to build the  
8 project.

9 MR. CARNEY: Is there any loss of  
10 transparency with the loss of the bidding  
11 process?

12 MS. BARRIO: With the loss?

13 MR. CARNEY: Right. We're not--we're  
14 designing and building. We're not, we're not  
15 designing and then bidding and then--I'm sorry--  
16 the owner. I lost the thought. Forgive me.  
17 The owner--yes--goes to the design. Is that  
18 contract bid?

19 MS. BARRIO: Yes. It's actually solicited.  
20 This is for the design-builder, Al?

21 MR. CARNEY: Yes.

22 MS. BARRIO: This is - - through a series  
23 of--first we would issue an RFQ with - -.

24 [Crosstalk]

25 MR. CARNEY: An RFP. Right, right.

1  
2 MS. BARRIO: RFQ first, Al, because we would  
3 short list qualified firms and after that we  
4 will issue an RFP--a request for proposal.

5 MR. CARNEY: Sure. Let me ask the question  
6 a little differently.

7 MS. BARRIO: Sure.

8 MR. CARNEY: Are there, are there--is the  
9 city required and then the design-build process  
10 to--is it a--is a low bidder near certainty?

11 MS. BARRIO: Yes.

12 MR. CARNEY: Okay. So, if we're not  
13 bidding, we have a greater opportunity to select  
14 among the designers.

15 MS. BARRIO: Correct.

16 MR. CARNEY: Regardless of the cost.

17 MS. BARRIO: Correct.

18 MR. CARNEY: Okay. And is that - - clear?  
19 I mean I didn't, I didn't hear that. Is--maybe  
20 the other members did and I apologize. I'm just  
21 slow this morning. But I wasn't clear on that.  
22 Thank you.

23 MS. BARRIO: Yes. I didn't really touch too  
24 much on--also thank you for that question. But,  
25 yes, there is flexibility in our selection and

1 that's another benefit to using design-build.

2 MR. GOLDIN: Chair Carney, this is Jon  
3 Goldin. I had a quick question, which is when  
4 the designer submits the bid in design-build  
5 what does the bid look like? Does the designer  
6 submit a preliminary design along--and--or a  
7 final design for that matter? And then as the  
8 selection is made does that entail taking into  
9 account both the price and the design?  
10

11 MS. BARRIO: Yes. The designer will submit  
12 a 100 percent design. The contract documents  
13 are compiled and all elements of design are  
14 included in the bid.

15 MR. GOLDIN: So, the designer has done all  
16 of its work by the time it submits the bid.

17 MS. BARRIO: Yes. This is under the  
18 traditional design-bid-build process. Yes.

19 MR. GOLDIN: And what about under the  
20 design-build proposed revised version?

21 MS. BARRIO: It's a little different because  
22 a design-builder is proposing on delivering the  
23 entire project. It's not as specific as design-  
24 bid-build. Because ultimately the goal of the  
25 design-builder is to deliver the entire project

1 and the design-builder can have the opportunity  
2 to use innovative approaches to delivering the  
3 project. So that's what I was saying earlier.  
4 It's a very different approach, but there have  
5 been many successes through design-build. But  
6 it's very different from design-bid-build.  
7

8 MR. GOLDIN: I guess--this is Jon again.  
9 Let me just ask the follow up, which is--so what  
10 is the bid package then look like? I mean if  
11 you're talking about a particular project and  
12 there are very different interpretations as to  
13 what can go in it or how the design can be done  
14 so that it's relatively more ascetically  
15 developed or whatever the, whatever the issues  
16 are. How is that communicated in the revised  
17 process if the designer is not submitting a  
18 design?

19 MS. BARRIO: On the...

20 MR. GOLDIN: In other words, how do you  
21 compare the bid, how do you compare the bid?  
22 How do you know they're apples to apples if you  
23 don't know what the designs are going to be that  
24 they're bidding on?

25 MS. BARRIO: Uh huh. So, on the traditional

1  
2 design-bid-build, I mean, we are giving, for  
3 example, in many cases, you know, just several  
4 items that they have to bid against. With  
5 design-build, the firms are given clear  
6 performance metrics and performance standards  
7 that we're looking for and it's a clear scope of  
8 what's expected for the firm to deliver within  
9 the project.

10 MR. CARNEY: Okay. I think I understand  
11 that. And to follow up on Arlene's question,  
12 what is the expected impact of design-build on  
13 MWBE's as compared to design-bid-build where low  
14 bidder often will, will always, I guess, this be  
15 the first considered for the project.

16 MS. BARRIO: Yes.

17 MR. CARNEY: I'm asking about the  
18 difference.

19 MS. BARRIO: Uh huh. I'd like to turn that  
20 question to our DEP Chief Contracting Officer,  
21 Elisa Velasquez.

22 MS. ELISA VELASQUEZ: Yes. Hi there,  
23 everybody. Nice to meet you all by phone and  
24 thank you very much for--to the members of the  
25 board for having us here today on this

1 presentation. So, I just want to just--on MWBE,  
2 I know there was--before one of the board  
3 members mentioned that, you know, we do have  
4 challenges and DEP has had--traditionally has  
5 had challenges on that front. You know? Again,  
6 we have massive projects. We have--our  
7 footprint is statewide. It's not just locally-  
8 based in the city. Our infrastructure is very  
9 unique. So, we have had, you know, availability  
10 issues in the past. But we have really, I  
11 think, really have, you know, improved over the  
12 last four or five years certainly. We do run  
13 two - - programs, a state program and a city  
14 program. We have, you know, and, and, and we  
15 have certainly in the last couple of fiscal  
16 years done, you know, done well. We have  
17 certainly for - - and FY, you know, for FY 20,  
18 FY 19 we had, we had signed contracts that were  
19 over \$75 million. We had subcontracts that were  
20 over \$60 million. FY 20 was a little lower.  
21 That was just the city program. On the state  
22 side, we also had over the last two fiscal years  
23 over \$100 million that we had given to MWBE subs  
24 on our state programs that were also city-

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1 certified. And that's just on the large side.  
2 We also have on our smaller procurements where  
3 we have a lot more flexibility for MWBE where we  
4 could do micro-purchases, where we could use the  
5 city's new non-competitive small purchase rules.  
6 We've actually--we've done very, very well. And  
7 we're hitting an over 65 percent utilization--  
8 MWBE utilization on those types of procurements.  
9 So, we're doing well and we certainly don't want  
10 our pursuit of the new project delivery method--  
11 that being design-build--to interfere with our  
12 progress. Right? So, we routinely for our--on  
13 our state programs, we have a 20 percent goal.  
14 That is what the state requires us to have on  
15 the city side. Most of our procurements are at  
16 a 30 percent goal if we can--if they're highly  
17 specialized that is different. We are--just  
18 because you utilize a design-build project  
19 delivery method, doesn't mean that MWBE requires  
20 go away. The MWBE requirements will still be--  
21 we will still, we will still have them. We have  
22 to and again, I can't represent what that  
23 process looks like or how we arrive to those  
24 goals on the project because we've never done

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1  
2 one. And part of what we're looking for here  
3 is, you know, again is a contract and a  
4 consultant that will help us get--develop those  
5 out. So that we have very, very--we get out to  
6 the vendor community the message that even  
7 though we are pivoting to this project delivery  
8 method our commitment to keeping our goals where  
9 they are is not waning in any way and will be  
10 incorporated into that.

11 MR. MURIN: If I may interject. This is Joe  
12 Murin. To embellish on what Elisa just said and  
13 I think to get to what, you know, Arlene had  
14 asked as well is that I believe this will give  
15 us an opportunity if anything to enhance our  
16 ability to secure the services of MWBE  
17 particularly as subs on our larger contracts and  
18 develop more holistic relationships with our  
19 contractors. And so as opposed to a low bid  
20 contract where they're going to be, you know,  
21 going to the tried and true, we will be  
22 negotiating these at the outset and part of the  
23 negotiation process that we could put--that we  
24 will be able to build into there is making sure  
25 that all of those goals are incorporated in and

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1  
2 how we're going to achieve those. So, I think  
3 there is perhaps more of a space within the  
4 design-build framework to be more rigorous about  
5 enforcing and encouraging and bringing on board  
6 MWBE either as the prime or as the  
7 subcontractors because you do have more  
8 flexibility in how you're going to choose your  
9 vendor. Elisa, I don't know if you want to add  
10 anything to that.

11 MS. VELASQUEZ: Yeah. So that's a good  
12 point and again just kind of to piggyback on  
13 that in our, you know, when you have either a  
14 bid or an RFP and you get your proposal and you  
15 get your bid in, the vendor is telling you how  
16 they're going to--with their proposal and with  
17 their bid, they're telling you how they're going  
18 to meet their goals and usually who their subs  
19 are. The city has been trying to, again, in an  
20 effort to expand availability really try to get  
21 to what, you know, what the city is calling the  
22 disparity within the disparity. Right? Having  
23 the same firms or the same type of firms used  
24 for the same type of work and not being able to  
25 build that availability in other areas. Right?

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1  
2 So, to Joe's point because we're not--this is  
3 not straight seals bid. This is a negotiation  
4 where you have your team. Not only your  
5 designer, but you will have your constructor,  
6 your builder talking about what things are  
7 supposed to look like. You know? And having  
8 that transparency and negotiating with the city,  
9 you will have much more of, much more of a say  
10 and be able to I think work with the, work with  
11 the team to identify MWBE's, again, that aren't-  
12 -that--where, where you can expand that base and  
13 make that--make them work for that and I think  
14 it's important.

15 MR. CARNEY: Arlene, did you have any  
16 comment?

17 MS. SHAW: I think moving on said-you guys  
18 said--are there other city agencies utilizing  
19 the model? Is there any way that we can we like  
20 sort of see what other people, like, you know,  
21 sort of what happened once they implemented the  
22 process? Because to me a lot of it sounds  
23 aspirational and I know that we weren't hitting  
24 on metrics originally. So, I'm very sensitive  
25 to sort of being in a situation where, like, we

1  
2 put in place a process that we hope has one  
3 objective, but in that sense like has the  
4 complete opposite impact of that.

5 MR. MURIN: So, Arlene, this is Joe again.  
6 I'll speak and then probably turn it over to  
7 Elisa or Ana. Within the city itself, the  
8 design-build, you know, paradigm is just getting  
9 off the ground. Probably the biggest utilizer  
10 of it and Ana could speak to this is DDC and  
11 they have done it on some smaller projects.  
12 They are looking to do a very large scale on the  
13 jail projects. DOT has it somewhat, you know,  
14 but they haven't gotten off the ground with that  
15 because one of the biggest projects is the BQE  
16 [phonetic], which as we know has a lot of issues  
17 surrounding it. A lot of the focus has been on  
18 large projects. That's not where we're going to  
19 be at. And I don't know to take away from the  
20 rest of the presentation. So maybe I'll just  
21 turn it to Ana to speak to that in terms of some  
22 of the historical places we've been at as the  
23 city with design-build, you know, based on her  
24 experiences at DDC. Then I think we could take  
25 it back to the presentation and that I think

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1  
2 will answer that concern or we can, you know,  
3 weave that into the response from there. So,  
4 Ana, I'll turn it back over to you.

5 MS. BARRIO: Sure, sure. And, Joe, some of  
6 this is going to be covered by Lindsay - - later  
7 on. But I'll be touch on just some of the items  
8 that Arlene just mentioned. So, yes, as you  
9 mentioned Joe, DDC is working on a design-build  
10 program and one such big project as you just  
11 mentioned is the borough-based jail program.  
12 DOT again BQE--it's a big project that there.  
13 But let me just say DDC and DOT they did receive  
14 authorizations prior to DEP and the rest of the  
15 city agencies receiving authorization. So,  
16 because it's fairly new to the city, Arlene, we  
17 have been very cognizant of that fact and we  
18 have been talking to other municipalities as  
19 well. We have been talking to the New York  
20 State DOT and Lindsay can go more into that  
21 later on. We have also spoken to the Port  
22 Authority and we're looking to--we've attended  
23 many seminars and we're looking to speak to  
24 other municipalities outside of New York as well  
25 so that we can really gauge best practices,

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1 lessons learned, and as I said before we do want  
2 to get it right from the beginning and I think  
3 one of the recommendations from--that we have  
4 received from other municipalities is that, you  
5 know, just getting--buying in within the agency,  
6 it's not just one group. It's not just my group  
7 delivering the project. It's--as Joe was saying  
8 it's holistic. It's on the contracting side.  
9 It's on the procurement side under Elisa  
10 Velasquez. It takes an entire agency to  
11 delivery that program. But, yes, it is fairly  
12 new. Yes, they are a risk. But nationwide what  
13 we have seen is that there's great potential for  
14 saving, saving in time and saving in money as  
15 well.  
16

17 MR. FREED: This is member Adam Freed.

18 Sorry. I really appreciate the recognition in  
19 talking about the risks. And I know that was  
20 one of the questions I raised in the run up to  
21 this meeting. Could you talk through some of  
22 the risk mitigation methods that you're putting  
23 in place as we begin this work or contemplation  
24 of it?

25 MS. BARRIO: I think that is covered by

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Lindsay as well.

MR. MURIN: I would ask that--so Adam could we--and Mr. Chair, could we bring it back to the debt. These are all great questions and I think some of them will be answered as we go further on. So, let's, uh, let's just move through it and we'll just--we'll also make sure that we have these--put these on the pin that we're going to follow up on that question, Adam, as well.

[Crosstalk]

MR. CARNEY: With one exception and that is - - happy to do that with one exception and that's the question that Arlene just asked. Actually, two questions. Are we able to collect data that will give this board a better sense of what has happened in other design-build circumstances such that we can get a sense of the impact on MWBE's? Is that data out there?

MR. MURIN: Yes. We will, we will get that data, you know, one way or the other and get that for the board.

MR. CARNEY: Terrific.

MS. FERNANDEZ-KETCHAM: This is Evelyn,

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Chair. May I?

MR. CARNEY: Yes, please.

MS. FERNANDEZ-KETCHAM: Yes. So, in addition--maybe a list--an identified list of, you know, the woman business owners is doing an identified list that could be provided that--as a way of showing intent that you researched. That's one. And I think it was Joe who mentioned something about there being performance metrics that you go by. Maybe providing us the metrics that you have to fulfill. That might be helpful as well. Thank you.

MR. MURIN: Yes. Thank you, Evelyn. We'll take that into account as well as we pull that together for the chair and for the board.

MR. CARNEY: And then one last question, Joe. Ms. Velasquez mentioned a 65 percent utilization rate. I didn't understand what the connection was. Sixty five percent utilization rate of what?

MS. VELASQUEZ: Hi, there. So, when we do procurement on the smaller side for things--for micro purchases under \$20 million or for non-

1 competitive small purposes, which are solely  
2 geared towards MWBE's. Our utilization of  
3 MWBE's isn't too wide on those type of  
4 procurements. It's over 65 percent.  
5

6 MR. CARNEY: Thank you. Thanks very much.

7 MS. VELASQUEZ: No problem.

8 MR. MURIN: So, I think we're back to slide  
9 four and, Ana, I believe you were--that was  
10 going over to Elisa.

11 [Crosstalk]

12 MS. BARRIO: - - to Kim.

13 MR. MURIN: Cipriano.

14 MS. KIMBERLY CIPRIANO: Hi. Good morning.  
15 So, I got the pretty easy slides for you all  
16 today. So just a sense of-to speak to some of  
17 the questions asked earlier. Design-build is an  
18 established delivery method across the country  
19 and nearly every state in the country does have  
20 some level of design-build authorizations on  
21 slide four. The map just gives you a sense of  
22 how widely used design-build is. So, what that  
23 means is that there's a large body of  
24 information out there that we can leverage and  
25 other municipalities that we can reach out to

1 answer some of the questions that were raised  
2 today, but also to help inform our program, make  
3 sure that we're building and taking projects  
4 that are best suited for design-build. Can you  
5 move onto slide five? We'll just see that in  
6 New York State design-build was extended to the  
7 Department of Transportation--State Department  
8 of Transportation in 2011 and they have a strong  
9 track record of delivering capital projects via  
10 design-build in the New York State area. Mostly  
11 bridges and roads. That's their core  
12 competency. Other New York State agencies are  
13 able to use design-build to deliver their  
14 capital programs as well. In 2019, the state  
15 legislature did give New York City agencies--  
16 specifically DEP among others--the ability to  
17 implement projects using design-build as long as  
18 the project was greater than \$10 million. That  
19 legislation requires that we release an RFQ--  
20 that's the first step in the design-build  
21 process--by the end of 2022. And as long as  
22 we've released an RFQ for project by then we are  
23 able to delivery that project design-build. Our  
24 goal is to release at least one but hopefully  
25

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1 more before then so that we are able to have a  
2 track record for if there are future  
3 considerations for the legislation to be  
4 expanded. And you may be familiar with some of  
5 the design-build projects in the area including  
6 - - bridge and the Moynihan train station, both  
7 of which were delivered design-build by the  
8 state. Lindsay can talk--I'm going to hand it  
9 over to Lindsay - -. She'll talk a little bit  
10 about what learned so far about the design-build  
11 and the other agencies that we've been talking  
12 to on their track record. So, Lindsay--or I'm  
13 sorry - -.

14 [Crosstalk]

15 LINDSAY: Hi. Good morning.

16 MR. CARNEY: Hi. How are you?

17 LINDSAY: Okay. I'll go ahead. Sorry. I  
18 was waiting to see if anyone had any questions.  
19 Okay. As Ana mentioned after the state the  
20 legislation in December 2019, which is a little  
21 more than a year ago, we engaged an experienced  
22 design-build professional from a civil  
23 engineering firm to work with us to evaluate our  
24 existing organization, how we're running  
25

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1 projects and to help us prepare and  
2 implementation plan to set up a successful  
3 framework to deliver design projects. From this  
4 effort, there were several recommendations.  
5

6 [Crosstalk]

7 MR. CARNEY: Somebody is talking in the  
8 background.

9 MR. NAZEM: Can folks go of the air if  
10 you're not speaking, please.

11 LINDSAY: So, we developed an implementation  
12 plan with this design-build experienced  
13 professional's team and there were several  
14 recommendations from that plan and I'm just  
15 going to share a few of those recommendations  
16 there and show that we've already made  
17 significant progress on many of them, and then  
18 maybe I'll touch on some - - too in case you  
19 guys have any questions. First, create and  
20 build a team of design-build champions in key  
21 strategic area, like, I think DC Barrio said  
22 earlier, it's really a holistic effort. So,  
23 we've trained folks to be the champion for the  
24 agency from the legal group, procurement,  
25 engineering, budgeting, planning, and the

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1 permitting side. We've already sent these  
2 champions and a few extra folks to training on  
3 design-build principles and best practices. So,  
4 we've really already started a lot of the  
5 learning and this group is working together on  
6 many of these other items that I'm going to talk  
7 about. We were also recommended to evaluate the  
8 capital program now to identify what would be  
9 some strong pilot projects for us to do design-  
10 build. We've done this exercise once already as  
11 a group and we're going to just continue to be  
12 tracking projects for design-build as the  
13 program continues to develop. And I'll just add  
14 that in the process of working with this design-  
15 build professional from the civil engineering  
16 firm who came in and looked at our organization,  
17 they helped us figure out what best practice is  
18 and what criteria to look at when we're  
19 selecting good projects that we can be  
20 successful at at the agency. So, we're very  
21 mindful of that. Another thing we needed to do  
22 is draft new contracts that will meet the  
23 design-build expectations especially if the  
24 industry is different than what we do now. So,

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1 we're working on this. Our bureau of legal  
2 affairs is coordinating with the law department  
3 who is working with those other city agencies  
4 who are starting up their design-build program.  
5 So, our target is to have the new contract  
6 template that we can use by the end of the year.  
7 We were also advised to engage with the industry  
8 for interest in our project in this program and  
9 help them gain confidence that, you know, we  
10 have a plan and we're setting this up and we are  
11 actually planning out first outreach event with  
12 the industry for next month. But along those  
13 lines we've also been reaching out, like, DC  
14 Barrio said, with other organizations around the  
15 country and in the region. Me and some of my  
16 colleagues have already attended a couple of the  
17 Design-Build Institute of America's conferences.  
18 They have a general conference. They also have  
19 a targeted water and wastewater conference  
20 that's actually coming up next month. And there  
21 you are able to meet a lot of other owners and  
22 you're able to learn from their experiences.  
23 So, we've been doing that a lot over the past  
24 year and a half, and in addition to talking to--

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1 as we said earlier--the city DOT and the  
2 Department of Design and Construction, who have  
3 been working on this a little longer than us.  
4 They have less - - programs but we can  
5 coordinate on the new policies and procedures we  
6 need to get in place. What else has been really  
7 beneficial to us is working with the Port  
8 Authority and the state DOT who have presented  
9 to us their lessons learned. They have a lot  
10 more experience. They've done projects of  
11 different sizes. So, we really plan to continue  
12 to lean on them and learn from them and actually  
13 they're very receptive to that. They're excited  
14 to be helping us out. So, we're going to  
15 continue to coordinate with all of them as we  
16 go. And the last final item, which I was  
17 actually going to turn over to Elisa, the agency  
18 chief contracting officer, to get into more  
19 detail about the major last recommendation,  
20 which is really why--one of the reasons we're  
21 here to develop that new procurement process and  
22 the documents we need to support the program  
23 because so much of that work happens upfront in  
24 design-build in that procurement process. So, I

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1  
2 don't know if there's any questions on what  
3 we've done so far that I could answer and then  
4 maybe I could just quickly talk about any of the  
5 - - that the board member had asked about  
6 earlier.

7 MR. CARNEY: For the record..

8 MR. GOLDIN: This is Jon.

9 MR. CARNEY: Go ahead, Jon. Sorry.

10 MR. GOLDIN: No, please, please.

11 MR. CARNEY: No, no. I can wait.

12 MR. GOLDIN: Same here. All right.

13 [Crosstalk]

14 MR. GOLDIN: As directed by the chair, I  
15 will intervene. So has the work already been  
16 done to figure out the process for identifying  
17 what I understand in the design-build world is  
18 sort of considered the best value bid rather  
19 than the lowest bid or is that building up that  
20 internal infrastructure in order to make that  
21 assessment part of what is--what the  
22 professional who we're trying to--whom DEP is  
23 trying to hire..

24 LINDSAY: Right.

25 MR. GOLDIN: - - authorization for the funds

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1 to hire part of what person would do. And would  
2 that be done by a committee? Would that be--how  
3 is that typically done? Obviously, there's a  
4 fair amount of objectivity in the lowest bidder.  
5

6 LINDSAY: Yeah.

7 MR. GOLDIN: And so, to the extent  
8 subjectively has increased, I understand that  
9 that helps grading change orders. But obviously  
10 subjectivity also introduces some risk. So, I'm  
11 curious about what's been done on that front  
12 already.

13 LINDSAY: So, I can just briefly answer that  
14 and then if one of my colleagues wants to chime  
15 in, they can. But basically, what we--there are  
16 different ways to do design-build and we have  
17 agreed that we want to do a best value type  
18 procurement--a two-step procurement process and  
19 there is a lot that goes into that. It's very  
20 different than what we do now. So to define  
21 what that values means to the agency, we have  
22 more work to do there and that's something we  
23 need somebody with a lot of design-build  
24 experience to come in and help us define that  
25 for ourselves, and really lay out that process

1  
2 because that all goes into the evaluation of the  
3 proposals that we're going to get and how we  
4 determine basically when we put out the budget  
5 for the project what is the best product we're  
6 going to get or, you know, what we feel is  
7 important. So, designing best value is a big  
8 part of what we need to do next and then share  
9 that with the industry so that everybody can  
10 propose what we want. I hope that answered your  
11 question.

12 MR. GOLDIN: It does. The piece of it that-  
13 -the one follow-up that I just wanted to ask  
14 again more pointedly is would the discretionary  
15 component of that--and I understand you don't  
16 have the specifics of it set up yet in terms of  
17 how it would be determined but in the  
18 contemplative that would--the discretionary part  
19 of that would be decided by more than one person  
20 - - .

21 [Crosstalk]

22 LINDSAY: Yes.

23 MR. GOLDIN: Or...

24 Lesley: Yes. Yes. So, we will be forming  
25 a team and that team will have technical folks,

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1 procurement folks, operations. It will be very  
2 important that we compose that team of the right  
3 people including for our first few pilot program  
4 project--a professional practitioner from the  
5 design-build world to help - - to make sure  
6 they're guiding us to the decision.  
7

8 MR. GOLDIN: Thank you.

9 MS. VELASQUEZ: And if I can also jump in--  
10 this is Elisa Velasquez again. So, we, you  
11 know--and, and currently when we, you know, when  
12 we do things by competitive field proposal, we  
13 have an evaluation committee that selected  
14 throughout the agency and they have to evaluate  
15 the proposal based on, you know, criteria that  
16 are in the rules and then criteria that's scoped  
17 out but expertise in the bureaus or, you know,  
18 based on that particular procurement. Right?  
19 And that's something we know. What the  
20 consultant that we're looking to onboard will  
21 help us with is to develop a new evaluation  
22 committee process, which is your point. It's  
23 not going to be one person. It's going to be a  
24 team and we have to put together a wholesome  
25 team to ensure that we're appropriately

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1  
2 evaluating all of the proposals, all the  
3 different aspects, and again it's going to be  
4 different because we are now evaluating  
5 construction. Right? That's part of it, which  
6 is not now. That's not the type of process that  
7 happens. It's a low bid process. So, doing all  
8 that is going to be a very different type of  
9 orientation and approach for our value for  
10 whoever becomes that team. That this vendor--  
11 this consultant is going to help us build that  
12 and helps us reorient in that way.

13 DR. CAROLINA: This is Demetrius Carolina.  
14 This holistic approach. Can you speak to how  
15 time is an important element in terms of overall  
16 savings? It sounds to me because it is a  
17 holistic approach that key element of this is  
18 start to finish, conclusion, and sustainability  
19 of course. Can anyone speak to that? The idea  
20 of time.

21 MS. VELASQUEZ: This is Elisa Velasquez  
22 again. I'll just jump in and then if any of my  
23 colleagues want to. One of the things that--and  
24 time is--this is a great point. In the design-  
25 bid-build environment you have designers

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1  
2 designing. They have not spoken to the  
3 construction vendor. They might not know that  
4 what they designed when a construction vendor  
5 goes to construct might not have worked. And  
6 had there been collaboration upfront, had maybe  
7 there been a construction manager upfront that  
8 could have also intervened and said you know  
9 what we need to arrange this differently because  
10 the work has to be staged in a certain way. If  
11 all of that was discussed upfront, we'd save  
12 time at the back end. And that's the beauty of  
13 the design-build project delivery method. All  
14 of that happen upfront. Those discussions  
15 happen up front and that team approach is, you  
16 know, the idea is that it is supposed to save  
17 time. And we have definitely in the agency kind  
18 of suffered for that design-bid-build approach  
19 when we have to--when we've had to go back and  
20 redesign and do things at the construction  
21 phase.

22 MS. BARRIO: Yes. This is Ana Barrio. I  
23 just want to add to what Elisa just said.  
24 Another element is that even--let's say--for  
25 example for the design builder at the design

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1  
2 phase, they can certainly be working with the  
3 team constructing the project. So therefore,  
4 they can be designing all the materials and  
5 supplies in advance as opposed to designing,  
6 waiting, putting out procurement and then  
7 constructing the project. That in itself can  
8 save so much time. So, I just wanted to bring  
9 that up. There's a lot of things that can be  
10 done, you know, simultaneously and that is what  
11 saves quite a bit of time within design-build.

12 MR. CARNEY: I think my last question other  
13 than talking about the proposal itself and for  
14 this record. I understand that the projects to  
15 be considered here will only watershed and  
16 wastewater projects. Is that correct?

17 MS. BARRIO: Yes.

18 MR. CARNEY: Okay.

19 MS. BARRIO: Yes.

20 MR. CARNEY: Thank you.

21 LINDSAY: So, thank you. That's it for me.  
22 I can talk about risk. I can wait until the  
23 end. I don't know if I covered anything that  
24 the board member was interested in terms of - -.  
25 I can turn it over to Elisa to talk more about

1 the specific procurements.

2 MR. FREED: This is Adam who asked that  
3 question. I think you've addressed that  
4 question.  
5

6 LINDSAY: Okay. Thank you. Well, then I'm  
7 going to turn it over to Elisa for slide number  
8 seven.

9 MS. VELASQUEZ: Hi, again. So--okay. I  
10 also wanted this to - - an idea of - - our shop  
11 here in DEP, the procurement shop. We do every  
12 fiscal year between RFP's and bids--we do  
13 between--anywhere between 120 and 130 per fiscal  
14 year. And those are very large undertakings and  
15 that's also between capital and expense. So,  
16 you know, for FY19 we were at 1.5 billion just  
17 for those, just for those. And in FY20 we were  
18 at 900 million. And so, it's--and that doesn't  
19 also include anywhere from 270 to 300 change  
20 orders per fiscal year, all of our renewals, all  
21 of our small and micro transactions that we do  
22 and we're--a team on the procurement side--I  
23 don't think they were on fiscal, but on the  
24 procurement side of about 45 people. So, it's a  
25 lot of volume that we have to get through for a

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1 fiscal year. And - - we have to obviously  
2 follow the city's procurement rules and the  
3 rules sometimes don't lend themselves to passing  
4 those - -. So, what we're looking for here is  
5 approval - - for a contract that would be up to  
6 a million dollars to hire partners, to hire a  
7 consultant that has that significant experience  
8 dealing with design-build projects. That's  
9 going to do two things for us. Because we just  
10 don't have--we, we don't have the bandwidth, you  
11 know, we don't have the bandwidth to build out  
12 an ultimate administrative infrastructure to  
13 support this design--to, to support the project  
14 delivery method that we've never used before.  
15 We don't have the bandwidth because we're so  
16 busy working on our regular stuff and also, two,  
17 we don't have, we don't have the expertise. We  
18 are in essence, you know, throughout this  
19 presentation still in design-bid-build  
20 environment and that's what we know. So  
21 actually, even if we wanted to try to take a  
22 stab at it, that's not our expertise. So, the  
23 consultant that needs to be onboarding would  
24 really be helping us with both. And again,

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1 developing these new policies and procedures  
2 around design-build that we, you know, we don't  
3 have that expertise to do. We need to start  
4 immediately. You know? We're running up  
5 against as Joe Murin mentioned the sunseting of  
6 a legislation and in order to even--in order to  
7 begin all of the work, you have to have that--  
8 the rules of the road. You have to have the  
9 parameters and you have to have those  
10 administrative polices and procedures set up.  
11 That's your backbone of the entire program. So  
12 even before we start putting out those RFQ's  
13 working to identify the projects, you know,  
14 working with the BEDC team, we need to be doing  
15 that. So, we need to really, really, really  
16 start work now. And that's another reason why  
17 coming to you is important because it does save  
18 us time. So, we do--we would really like to get  
19 to work before June 30th and that leaves us 18  
20 months to complete that groundwork and to then,  
21 you know, work on the specific RFQ's. So, the  
22 key activities that this consultant and this  
23 procurement would achieve for us is--first and  
24 foremost, is develop a work plan and a schedule

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1 that gets us a definite RFQ out by June 20, 22.  
2 But also gives us a flexibility, you know, if  
3 we're up and running and we're doing well and,  
4 you know, my money is on us. I believe that we  
5 can do that. We would be able to put out  
6 additional RFQ's so we would have additional  
7 projects going and that would be really good I  
8 think for the agency. We also have to--like I  
9 said, you know, create all those internal  
10 documents and training manuals and FAQ's.  
11 Training is going to be and change management is  
12 going to be really important for my team. And  
13 that is something that this vendor will help us  
14 with. And also, very, very important, again,  
15 you know, forms, templates, communication  
16 material and helping us communicate with the  
17 vendor community and all of our other  
18 stakeholders including, you know, our MWBE  
19 stakeholders, our Office of MWBE, to, you know,  
20 to make sure that they're included, they know  
21 what we're doing, and communicating as we're  
22 going and making it an inclusive process. So, I  
23 also want to just add, um, add in Joe Vaicels to  
24 see if he wants to add anything here.

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1  
2 MR. VAICELS: Thanks, Elisa. Good morning  
3 all. Joe Vaicels. Yeah. I mean I, I would  
4 just add from what you heard from Elisa and our  
5 other colleagues that, you know, design-build is  
6 new to DEP, but it's not new. You know? There  
7 are people out there who are quite competent  
8 with design-build. And that's the expertise  
9 that we seek through this procurement. You  
10 know? We still have to follow all the city's  
11 PPB rules and the other guidance that from, you  
12 know, direct procurement in New York City. But  
13 at the same time there's also a set of standards  
14 and best practices available regarding design-  
15 build itself and people who are, you know,  
16 professionals who have great experience in that.  
17 So really what we're looking to do with this  
18 consultant is to bring those two things  
19 together. We need to bring in that design-build  
20 expertise to help us, you know, incorporate our  
21 own rules and processes that are unique to New  
22 York City. We essentially want to bring in this  
23 expert to help us through these pilot projects.  
24 As you heard from my colleagues, you know, the  
25 design-build process is quite different than

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1 design-bid-build. Most of the work is done  
2 upfront on our end. You know? We have to have  
3 all of these discussions and get all of our  
4 performance-based specifications together in  
5 advance of awarding any sort of contract. Even  
6 the actual, you know, selection process itself  
7 is so much more complex and different from  
8 design-bid-build where instead of just reviewing  
9 a proposal, you know, we get in qualifications.  
10 We make a short list of vendors. Then we have,  
11 you know, we issue an RFP and we have  
12 proprietary meetings with each of these highest-  
13 rated vendors where they have some input as to  
14 what goes in the final documents and it's a very  
15 collaborative effort and, you know, it really  
16 just requires that we have someone sitting on  
17 our side of the table to hold our hand who has  
18 that particular design-build expertise to show  
19 us where the pitfalls are really. To make sure  
20 that we are including and considering everything  
21 and that document upfront. Because once we  
22 award a contract, you know, we've essentially  
23 done all of the work that we would have two or  
24 three opportunities to do under the design-bid-

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1 build where you're going out with separate  
2 procurements. So, we feel confident that, you  
3 know, our team is going be ready do this with  
4 this expert on our side. And the thought being  
5 that, you know, after we get through our few  
6 pilot projects by the 2022 deadline, we'll be  
7 then positioned, you know, with some experience  
8 of our own to see through additional projects  
9 without that sort of consultant help, you know,  
10 if the legislation is expanded. That's all I  
11 have.  
12

13 MR. GOLDIN: Mr. Chair, this is Jon Goldin.  
14 May I ask one other follow-up question?

15 MR. CARNEY: Yes, of course.

16 MR. GOLDIN: Given that when the--during the  
17 course of the conversation the reference to the  
18 consultant sounded as if what is contemplated is  
19 an expert--not a consultancy that has a--  
20 necessarily a staff of people that would be  
21 working on this. But that we really need the  
22 expertise of a person who has the design-build  
23 background. I understand that and know that  
24 there's been a lot of work done with design-  
25 build around the country and a lot of it has

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1  
2 been quite successful in terms of saving time  
3 and saving money. My question though is have we  
4 considered whether it is more economical to hire  
5 a design-build expert rather than to - - a  
6 contract for up to a million dollars to retain  
7 one from the outside?

8 MR. CARNEY: That's a great - -.

9 MR. MURIN: This is Joe Murin and I'll start  
10 it, but then I think either Ana or Lindsay and  
11 Elisa could step in. I don't think that is our  
12 intent to have one person. It really is--we  
13 believe that we need a firm for this because  
14 there are firms out there that have the suite of  
15 responsibilities that Elisa just went through.  
16 And we feel that it's--or believe that right now  
17 that's what we need as Elisa said to get the  
18 backbone of this up. And I think that would be  
19 where we might move to in the future where we  
20 would be hiring particular staff once we get  
21 through this phase. And that's why we're  
22 looking at it as just a transition for us to be  
23 able to get these parameters established and the  
24 backbone of how a design-build is going to work.  
25 Then, you know, overlay it onto the suite of

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1 projects that we're considering, which is just  
2 very limited right now. And we're not looking  
3 at anything as large as what DOT and DTC are  
4 talking about such as the - - and the borough-  
5 based jail because we want to be able to have  
6 this be successful going into the RFQ process by  
7 the end of next calendar year and then be able  
8 to build on that so that we can then be able to  
9 demonstrate that this is an effective tool that  
10 we want to be able to get long-term  
11 reauthorization from the legislature that we can  
12 be doing this on an ongoing basis as DEP and as  
13 the city. I will turn to Ana if you wanted to  
14 add anything or Lindsay on that.

15  
16 MS. BARRIO: Okay. This is Ana Barrio. I  
17 just wanted to add that there are some  
18 municipalities who have set up a separate--a  
19 dedicated separate alternative project delivery  
20 group within the organizations. But as Joe was  
21 saying we're not quite there yet. That would be  
22 something that we would certainly consider long-  
23 term and when we have a better sense of what  
24 this process really--what the end result of this  
25 process will be and also, want to ensure that we

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1 would be successful. But ultimately, yes, that  
2 would be our goal. But it's still quite a bit  
3 of work to get to that point. We just need a  
4 lot of guidance especially at the beginning as  
5 Elisa was saying procurement is - - but  
6 ultimately the delivery - - on my ends but just  
7 as important is the procurement side of it.  
8 Just getting it right, getting the confidence of  
9 the industry that they see that, yes, we value  
10 this process, that we were methodic in how we  
11 put together this program. I think that if - -  
12 just needs that credibility, that support, and  
13 we just don't have the skillset internally. And  
14 to bring others from the outside would be--I  
15 mean there are hiring restrictions and then it's  
16 a time-consuming process as well. For that  
17 again would add to the timeframe that--and you  
18 don't have a lot of time given that we were just  
19 given this authorization not too long ago.

21 MR. GOLDIN: And is the RFP that's is  
22 contemplated, do you put out to the expert on  
23 this form that would be oriented towards hourly  
24 billing or flat billing. What is the nature of  
25 how this would work? And it's term. How long

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do you think you'll need it?

MS. BARRIO: Joe Vaicels do you want to take that?

MR. VAICELS: I think, you know, we're still discussing that and we'll have to get back to you on exactly how we're going to structure the cost. But, you know, we're looking at this as something that would help us through our initial pilot projects and those have a, you know, a deadline of release by 2022--by the end of calendar 22. So, you know, the term would probably be aligned with that.

MR. GOLDIN: And the reason I ask that is because if it's in fact the whole staff is needed that obviously has different considerations than if we're really expecting the use of a solo expert, in which case a million dollars would, would seem like a substantial sum to be allocating towards this project.

[Crosstalk]

MR. VAICELS: - - not one individual to a million dollars.

[Crosstalk]

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1  
2 MR. VAICELS: Yeah. And it would definitely  
3 be a staff.

4 MR. MURIN: Yeah. We're expecting it to be  
5 multiple staff, you know, with the skillset and  
6 having had a background in having developed  
7 these types of template and processes in  
8 previous design-build environments.

9 [Crosstalk]

10 MR. CARNEY: Well, that's my question  
11 actually. Who--you're contemplating hiring a  
12 consultant who is in New York and who has worked  
13 on New York projects? How are they rated?  
14 Well, maybe they worked outside of the state as  
15 well. But how do you rate them given the size  
16 of the system here? Who else--who are the  
17 people who have working on systems this large  
18 and this complex such that you can actually make  
19 decisions--quality decisions as to whom you will  
20 select?

21 MS. VELASQUEZ: So, this is Elisa again.  
22 There are--I get it that our system is unique  
23 and it's very large. But out in the west coast  
24 design-build is almost the preferred project  
25 delivery method. So, you have a lot of the

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1 utilities on the west coast and, you know,  
2 certainly in other parts of the country. We  
3 have, you know, there are, there are, there are  
4 many firms that are national and that have done  
5 design-build work on other, you know, on other  
6 water and wastewater utilities around the  
7 country. Also, another big utilizer of that  
8 method are big, big universities. So, like,  
9 Penn State, which is like its own city. It does  
10 a lot of its work by design-build. I think it  
11 even had its own kind of like little water  
12 system over there. Whatever. But there's  
13 several large, large universities like that that  
14 also do design-builds where the same players  
15 who--consultants who play in, you know, in the  
16 public space also play in the private space.  
17 So, there's capacity out there. I think we have  
18 to, you know, again, as we're evaluating the  
19 proposals, we have to put together evaluation  
20 criteria where, you know, where we're looking  
21 at, you know, looking at their prior, at their  
22 prior projects and at their qualifications to  
23 make the best decision.  
24

25 MS. BARRIO: This is Ana Barrio. Yes. That

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1 is correct, Elisa. And I just wanted to add  
2 that we also have to keep in mind that design-  
3 build best practices are universal. So, whether  
4 the project is a small project or a much larger  
5 scale project, the level of effort you can say  
6 is almost the same. So that's one thing to keep  
7 in mind and this is through many discussions  
8 with the Port Authority, state DOT, as well as  
9 other consultants and that's one thing they have  
10 stressed. Level of effort will probably be the  
11 same. What's important is that we have to make  
12 sure we retain those aspects of best practices  
13 when it comes to design-build.

14  
15 MR. CARNEY: Fair enough. Thank you. Are  
16 there other questions from the members? Hearing  
17 none, there is a resolution that begins on the  
18 flipside of that very pretty picture that we all  
19 have in our packets. It's a page and a half  
20 long. It's dated March 23, 2021. Have the  
21 members had a chance to review it? If so, then  
22 may I have a motion to approve it?

23 MR. NAZEM: Mr. Chair, can I--this is Omar.  
24 Can I, I would like to make one amendment to the  
25 resolution if I may. At the very bottom of the

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first--

MR. CARNEY: Of course, you may.

MR. NAZEM: At the very bottom of the first page, we say up to two additional requests. I'd like--why don't we make that four? That's what we've been talking about. We originally drafted this more narrowly. I'd like to--we kind of expanded the scope of what thought we'd do later on. So, I'd like to amend that from two to four if I may. It would not affect the dollars - - it affects a number of - -.

MR. CARNEY: I was just going to ask you, Omar. Thank you.

MR. NAZEM: The dollars aren't going to change. It's more projects for the same dollars.

MR. CARNEY: Okay. Fingers crossed. May I have a motion, please, to approve the resolution?

MR. GOLDIN: I'll make that motion, Mr. Chairman. It's Jon Goldin.

MR. CARNEY: Jon, thank you very much. Is there a second, please?

MR. HSU: I'll make that motion. I mean

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I'll second it. It's Jukay, sir.

MR. CARNEY: Jukay, thank you very much.

We'll conduct the vote as we did for the first resolution. Mr. Secretary, will you call the roll.

MR. RODRIGUEZ: Certainly. Member Carolina, how do you vote on the resolution?

DR. CAROLINA: Approve.

MR. RODRIGUEZ: Thank you. Member Fernandez-Ketcham, how do you vote?

MS. FERNANDEZ-KETCHAM: Sorry, I was muted. Approve.

MR. RODRIGUEZ: Thank you. Member Freed, how do you vote on the resolution? We'll come back to Member Freed. And board members you might consider turning off your mute button. Member Goldin, how do you vote?

MR. GOLDIN: Approve.

MR. RODRIGUEZ: Thank you. Member Hsu, how do you vote on the resolution?

MR. HSU: Approve.

MR. RODRIGUEZ: Thank you. Member Shaw, how do you vote on the resolution?

MS. SHAW: Approve, but I definitely want to

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1  
2 make sure that we're seeing data as it unfolds  
3 and that we invest time with some of the other  
4 agencies to see the impact of this on, you know,  
5 set of project procurement.

6 MR. CARNEY: Thank you, Arlene.

7 MR. RODRIGUEZ: That will be noted in the,  
8 in the minutes. Chairman Carney, how do you  
9 vote?

10 MR. CARNEY: Approved.

11 MR. RODRIGUEZ: Okay. Member Freed, how do  
12 you vote on the resolution? Okay. It appears  
13 Member Freed is not available to vote. Okay.  
14 This resolution has been approved, Mr. Chairman.

15 MR. CARNEY: And unanimously. Thank you  
16 very much, Mr. Secretary. We are at agenda item  
17 five, the financial and water consumption  
18 update. Joe, are you going to do that?

19 JOE: I believe Omar will take us through  
20 that. Omar.

21 MR. CARNEY: Okay.

22 MR. NAZEM: Yes - -.

23 MS. FERNANDEZ-KETCHAM: I'm sorry, Chair.  
24 If I may--this is Evelyn. I have a prior  
25 commitment, so I have to jump off unfortunately.



1  
2 MR. CARNEY: Evelyn, we just finished the  
3 last--we--the second vote of the day and the  
4 last vote of the day. Do enjoy your day. Thank  
5 you for joining us.

6 MS. FERNANDEZ-KETCHAM: Okay. Thank you.  
7 I'm sorry about that. Thank you.

8 MR. CARNEY: No, no. You have commitments.  
9 Go take care of them.

10 MS. FERNANDEZ-KETCHAM: Thank you. Bye-bye,  
11 everyone. Bye-bye.

12 MR. NAZEM: Bye Evelyn. This is a very  
13 brief update. We wanted to keep the board and  
14 the public apprised of how revenues are shaping  
15 up. We can give you an update on where board  
16 operating revenues are through March 19th. They  
17 are at \$2,739,000,000. That is 8.3% ahead of  
18 the revenue plan we had in place for this year.  
19 The revenue plan as everyone remembers was on  
20 the conservative side given the pandemic and  
21 what we've seen that do to water consumption and  
22 delinquencies. Although we are ahead of plan,  
23 we are if you compare this year--revenues of  
24 this year to where we were at this time last  
25 year, we are down about 7.3%. We're doing

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1 better than we had budgeted for with a limited  
2 conservative budget, but we are nonetheless  
3 still down from that last year. Not down by  
4 more than expected again. It'll take - - the  
5 original budget, but revenues are lower. In  
6 terms of water consumption, it's a similar story  
7 to what we've been reporting throughout the  
8 fiscal year. You're seeing overall upticks or  
9 kind flattish consumption on the residential  
10 side offset by fairly large declines on the  
11 commercial and industrial side. Overall,  
12 citywide water consumption by metered customers  
13 through the end of February was down about five  
14 percent compared to last year. That comes on  
15 the back of a smaller drop last year. Last year  
16 was down about 3% year over year. Year to date  
17 is down about 5%. What you're seeing is an  
18 actually pronounced uptick in water consumption  
19 by the smallest residential properties as a tax  
20 class one properties, the one to three units up  
21 about 4% year over year. The multifamily world  
22 is down about 2% overall, but it's--that's a  
23 quite large complicate category. But generally,  
24 what you see is the, the co-op type properties,  
25

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1  
2 affordable housing, city-owned housing is really  
3 up and condo pros are generally down year over  
4 year. But the real large - - you see again is  
5 on the commercial industry side where year to  
6 date usage is down about 20% year over year.  
7 That's no surprise. You're seeing lower  
8 occupancy in the commercial space. You're  
9 seeing retail stores are a little bit less.  
10 You're seeing lower passengers in the transit  
11 assets. Those things together work out to lower  
12 consumption. Those are the key updates we  
13 wanted to share. Kept in line with last  
14 financial consumption update we provided the  
15 board. We'll have more detail on all of those  
16 topics when we come back next month for the next  
17 meeting.

18 MR. CARNEY: Omar, do you have any in front  
19 of you any information regarding delinquencies?  
20 I know you often do, but...

21 MR. NAZEM: I do. I mean, yes, I'll tell  
22 you it's a similar story to what we've reported  
23 previously. Delinquencies are elevated and the  
24 main cause we would point to is the economic  
25 effects of the pandemic, which have strained

1 household budgets, they strained landlords, they  
2 strained businesses and people reduce their  
3 spending when that stress happens and one of the  
4 places, they've chosen to reduce spending is on  
5 utility bills, ours included. That has  
6 reflected in just higher accounts receivable and  
7 higher - - .

8 [Crosstalk]

9 MR. NAZEM: We do a standard aging schedule.  
10 We look at everything from technical  
11 delinquency--the 30-day mark--all the way out to  
12 the longer-term stuff, one year plus. We're  
13 trying to be a little bit--we're trying to be a  
14 little lenient and understanding just given the  
15 stress. So, we've been focusing on the 6-month  
16 mark as kind of the place to really look at for  
17 the trends. I'd say it mimics what you're  
18 seeing with the usage patterns. Delinquencies  
19 are higher across the board. The increase is  
20 most pronounced year over year with the  
21 commercial industry properties--substantial  
22 increases percentagewise. You're seeing  
23 increases as well--not to the same percentage  
24 degree with the larger residential properties  
25

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1 but still quite pronounced. Then you're seeing  
2 increases--more modest type increases--still  
3 noteworthy but not in the same magnitude as the  
4 large residential and commercial properties on  
5 the small residential side. So growing  
6 delinquencies across the board, but most  
7 pronounced on the commercial industrial side  
8 with the smallest increase on the small  
9 residential side and the large multifamily is  
10 kind of in the middle between the two.

11  
12 MR. CARNEY: Okay. Thank you, Omar. Are  
13 there questions for Omar on his report? Hearing  
14 none, we're going to go to the investment report  
15 for 2021 first quarter and second quarter.

16 MR. NAZEM: This is also another quick  
17 update. These reports tend to get--the  
18 investment reports for the board just for the  
19 public's benefit tend to get more exciting in  
20 the second half of the fiscal year for a  
21 technical reason, which is how we fund the  
22 board's financial obligations. I won't bore you  
23 with the details. But the upshot is we tend to  
24 invest--we tend to build balances in the board's  
25 investment accounts in the second half of the

1 year before we hand that money over to the city  
2 or the Water Authority as we have to. In the  
3 first half of the year, we're transferring the  
4 money out almost continuously daily to the city  
5 or to the authority. So, these reports are  
6 fairly boring and unexciting in the first half  
7 of the year. The upshot for the first quarter  
8 is we ended the quarter with \$132.7 million of  
9 investment assets at fair market value. The  
10 entire balance was invested in U.S. Government  
11 Treasury bills. Bills just for everyone's  
12 benefit are U.S. government bonds with a  
13 maturity of less than one year. They're very  
14 short term. They're low risk. It's a  
15 government credit risk. They are low yielding  
16 as result particularly in this environment. The  
17 typical rate of interest on these during the  
18 first quarter is one tenth of one percent. But  
19 let's say that low return investment we use  
20 really as a cash substitute in place of keeping  
21 the money a big deposit account in a bank, which  
22 would have an even lower yield. - - higher risk  
23 potentially. And the second quarter we ended  
24 with a--with \$258.9 million of assets at fair  
25

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1 market value. Again, same asset composition  
2 entirely, U.S. Government Treasury bills. The  
3 one year or less to maturities. The typical  
4 yield in a portfolio of one tenth of one  
5 percent. In neither--the yields are so low when  
6 the volatility - - is so low. In neither  
7 quarter, do we have any realized or unrealized  
8 gains or losses still. Again, imagine the  
9 portfolio as a cash substitute type of portfolio  
10 composition. We'll update on you the third and  
11 fourth quarter reports when those become  
12 available. The balances will be larger but  
13 consistent with the board's direction, the  
14 investment guidelines, the portfolio of assets  
15 will still be principally treasury bills and a  
16 tiny cash balance.

18 MR. CARNEY: Are there questions for Omar?  
19 Hearing none, the last agenda item is an update  
20 on the board's contracts and amendments to those  
21 contracts, which is the last page in the - -  
22 that we have.

23 MR. NAZEM: There's nothing major to report  
24 here. I mean the spending to date is in line  
25 with what we had set out in the board's

1 operating expense budget at the start of the  
2 year. No major amendments or variations to  
3 this. We've processed a couple of contract  
4 amendments. We have a contractor helping out  
5 with the COVID response on the wastewater  
6 treatment supply who is--it's a very tiny dollar  
7 contract. The individual has been a tremendous  
8 asset. It was much needed expertise and we  
9 needed it in a hurry. So, we brought him under  
10 the water board to help with the water supply  
11 group. We're going to keep him for another year  
12 we think. The main money we spent on the  
13 contract side is really with the service line  
14 protection program. And that's really what--95  
15 percent of the dollars on this schedule are  
16 accounted for. That's a program which I--it  
17 continues to have quite a bit of benefit for the  
18 system. It's a warranty type program that  
19 protects against the cost of damage or, you  
20 know, a line breaks. They pull out some water  
21 sewer lines connecting the property to the city  
22 main. That contract continues on budget. We  
23 continue to work with them. So, to troubleshoot  
24 type issues ad hoc, um, which is one of the  
25

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1 things we agreed to do back in 2019 when we last  
2 extended this contract and brought it to the  
3 board. It continues to be a constructive  
4 relationship. We are trying to helping them out  
5 where we can and we certainly intervene when we  
6 thought issues or things that strike us slightly  
7 off. Those are the main updates. It's all kind  
8 of the same. Otherwise, the same mixed with,  
9 you know, vendor agreements. Everything is  
10 inline with the budget announced that we'd  
11 promised earlier.  
12

13 MR. CARNEY: Questions for Omar? I want to  
14 thank the board for its vigorous participation  
15 in questions of today's meeting. Is there any  
16 further business to come before the board?  
17 Hearing none, may I have a motion please to end  
18 the meeting--adjourn the meeting.

19 MR. GOLDIN: Mr. Chairman, this is Jon  
20 Goldin, with great thanks to the DEP staff for  
21 all of the work that was discussed today. I  
22 know none of this just appeared on its own. I  
23 move to adjourn.

24 MR. CARNEY: Thank you very much, Jon. Is  
25 there a second? May we have a second motion,

1  
2 please, for adjournment? It looks like I'm  
3 alone.

4 MALE VOICE: Can you second yourself - -?

5 FEMALE VOICE: You can second that, Mr.  
6 Chairman.

7 MR. CARNEY: Thank you, Mr. Rodriguez. I  
8 appreciate it. Then the motion has been  
9 probably moved and seconded. We are adjourned.

10 MR. RODRIGUEZ: Well, actually, Mr.  
11 Chairman, for purposes of this meeting I think  
12 we should take a vote of the members that are  
13 actually still on the call.

14 MR. CARNEY: If you would like do that Mr.  
15 Secretary then of course let's do that. We'll  
16 take a vote.

17 MR. RODRIGUEZ: Yes.

18 MR. CARNEY: Mr. Rodriguez, would you walk  
19 us through the roll?

20 MR. RODRIGUEZ: Yeah. Member Carolina, how  
21 do you vote on adjourning the meeting? Okay.  
22 We note that Mr. Fernandez-Ketcham had to leave  
23 the meeting. Member Goldin, how do you vote to-  
24 -on ending the meeting?

25 MR. GOLDIN: I vote to adjourn.

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1  
2 MR. RODRIGUEZ: Okay. Thank you. Member  
3 Hsu, how do you vote on adjourning the meeting?

4 MR. HSU: I vote to adjourn.

5 MR. RODRIGUEZ: Thank you. Member Shaw, how  
6 do you vote on adjourning the meeting?

7 MS. SHAW: I vote to adjourn. I vote to  
8 adjourn.

9 MR. RODRIGUEZ: Thank you. Chairman Carney,  
10 how do you vote?

11 MR. CARNEY: I vote for adjournment.

12 MR. RODRIGUEZ: Okay. And finally, Member  
13 Freed are you available for a vote? Okay. All-  
14 -Mr. Chairman, all the members that are on the  
15 call have voted to adjourn the meeting.

16 MR. CARNEY: We are adjourned. Thank you  
17 very much, Mr. Rodriguez.

18 [END RECORDING]

C E R T I F I C A T E

I, Matthew Williams, certify that the foregoing transcript of NYC Water Board Meeting - 3/23/2021 was prepared using standard electronic transcription equipment and is a true and accurate record to the best of my ability. I further certify that I am not connected by blood, marriage or employment with any of the parties herein nor interested directly or indirectly in the matter transcribed.

Signature \_\_\_\_\_



Date \_\_\_\_\_ 3/25/2021 \_\_\_\_\_