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**Conference number for March 23:
(347) 921-5612 and passcode 147 558 957 #**

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4. Resolution authorizing funds and negotiation authority to hire design-build consultant
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NEW YORK CITY WATER BOARD MEETING

Tuesday, March 23, 2021 - 8:30 A.M.

VIA TELECONFERENCE

Note on meeting location and format:

This public meeting will take place by teleconference. Members of the public can listen to the meeting by dialing phone number 347-921-5612, and entering passcode 147 558 957 #. Once prepared, an audio recording and written transcript of the meeting will be posted to the Water Board's website, at nyc.gov/waterboard.

AGENDA

1. Roll Call
2. Resolution: Approval of Minutes of November 19, 2020 Meeting
3. Presentation: Prospective Deployment of Design-Build Construction at the Department of Environmental Protection
4. Resolution: Approval of Funds and Authorization of Board Staff to Conduct a Competitive Request for Proposal and to Negotiate an Agreement with the Selected Vendor of Design-Build Consulting Services

The public is reminded that this is a business meeting of the Board. As such, members of the public are asked to refrain from asking questions, and to keep their phones muted. The public is welcome to submit questions to the Board at any time, besides during public meetings, by sending an email to nycwaterboard@dep.nyc.gov or by telephone using phone number 718-595-3594.

There is a meeting accessibility option for members of the public who have difficulty in hearing, or who would otherwise like to access the meeting using real-time text captioning. To access this accessibility option, please visit this link using your internet browser:

<https://www.streamtext.net/text.aspx?event=CFI-NYCWaterBoard> . This is a text-only access option, for audio access please use the phone number and passcode listed above.

**MINUTES OF THE MEETING OF THE
NEW YORK CITY WATER BOARD
NOVEMBER 19, 2020**

A meeting of the New York City Water Board (the “Board”) was held on Thursday, November 19, 2020 starting at approximately 9:00 a.m. via teleconference in accordance with the Governor’s Emergency Order regarding the Covid-19 pandemic. Approximately 32 members of the public dialed into the teleconference. The following members of the Board attended the meeting:

Alfonso Carney,
Dr. Demetrius Carolina, Sr.,
Evelyn Fernandez-Ketcham,
Adam Freed,
Jonathan Goldin,
Jukay Hsu, and
Arlene Shaw

constituting a quorum. Mr. Carney chaired the meeting, and Albert Rodriguez served as Secretary of the meeting.

Approval of the Minutes of October 15, 2020

The first item on the agenda was approval of the minutes of the Board’s meeting held on October 15, 2020. There being no further discussion, upon motion duly made and seconded, the minutes of the meeting held on October 15, 2020 were unanimously adopted.

Approval of the Amendment to the Board's Agreement with its Rate Consultant

The next item on the agenda was a request for additional funding for the Board's rate consultant contract with Amawalk Consulting Group, LLC ("Amawalk"). An additional \$350,000 is proposed to cover consulting services through June 30, 2022, which will bring the total contract authorization to \$1,150,000.

Treasurer Omar Nazem explained that in addition to the planned rate consulting services, Amawalk is conducting revenue recovery work searching the billing system for irregularities and under billed accounts.

There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, pursuant to Section 1045-g(8) of the New York City Municipal Water Finance Authority Act (the "Act"), the Board is authorized to enter into contracts and to retain private consultants on a contract basis for the purpose of obtaining professional or technical services to assist the Board in carrying out its responsibilities; and

WHEREAS, following a competitive solicitation process, the Board by Resolution dated February 24, 2017, authorized an agreement with Amawalk Consulting Group, LLC ("Amawalk"), for a term of five years ending June 30, 2022, whereby Amawalk currently serves as Rate Advisor to the Board; and

WHEREAS, the Board originally authorized an aggregate compensation amount not to exceed \$800,000 for the term of the Agreement; and

WHEREAS, Amawalk has provided satisfactory services to date, as indicated by Board professional staff; and

WHEREAS, the Executive Director of the Board has requested \$350,000 of additional funding for the remaining term of the Agreement; and

WHEREAS, in accordance with the Water Board's Policy on the Procurement of Goods and Services, in particular, Section 5.i. (prior Board approval of contracts where the cumulative value exceeds \$100,000), the Board finds such justification reasonable and appropriate in the present circumstances; it is therefore,

RESOLVED, that the Executive Director is hereby authorized and directed in the name of and on behalf of the Board to execute amendments to the Agreements to provide continuing services upon such terms and conditions as the Executive Director may deem reasonable and appropriate. Total compensation for services performed under the Agreements, as amended, shall not exceed \$1,150,000, reflecting the sum of the original \$800,000 of authorized funds and the \$350,000 of newly authorized funds.

DEP Progress Report on Implementation of New Utility Billing Computer Software

The next item on the agenda was a presentation by Jeff Lynch, Deputy Commissioner of the Department of Environmental Protection ("DEP"), Cecil McMaster, Deputy Commissioner for the Bureau of Information Technology, and Albert Kramer, project manager. The presentation focused on the Billing for the Future (BFF) project to replace DEP's existing billing system software.

Deputy Commissioner Lynch opened the presentation with an update on BFF, highlighting how the new software will allow for a better customer-orientated experience by making account information easier to access and understand. He noted that the new billing system is powered by a modern operating system that many users are already familiar with and will find easy adaptable. This will facilitate future training and operating efficiency. The new billing system aligns the water system's technology base with current skills and current

marketing practices and allows for more latitude in future rate design decisions. Project Manager Kramer noted that the project is in the deployment phase with two areas of current focus: testing and training. Kramer also explained that there is a strong focus on organizational change management. Board member Freed asked about the customer experience from one billing system to another. Kramer responded that the goal is for the customer to barely notice the change other than that the new bill will be easier to understand and that all customers will be informed of the switch to the new billing system ahead of time. Member Freed then inquired as to whether the new system can do parcel-based billing, for instance, if they wanted to model a separate storm water charge. Kramer responded in the affirmative, saying that the system is designed to have the flexibility for additional changes in the future. Executive Director Joe Murin also noted that the system will assist in modeling other rate models, such as declining blocks, and other variable rates. Murin also stated that before implementing alternative billing mechanisms and structures, the new system has to be rolled out and operating efficiently for at least a year. Member Freed responded positively and added that the timing matched with the mapping that DEP is currently doing for surface flooding, so the technological and institutional underpinnings would enhance decision making.

Approval of Selection of Electronic Payment Processing Vendor and Authorization of Negotiating Authority and Board Funds

The next item on the agenda was the approval of an electronic payment processor, the Paymentus Corporation. Paymentus has a pre-existing technology and business process relationship with the vendor of the new billing system that we are implementing. The new billing system is based on a product called UMAX, which is a utility industry customization designed

just for water utilities and runs on a Microsoft Dynamics platform. UMAX is pre-configured with source code where the Paymentus electronic processing platform works with the UMAX billing platform. This source code exists, has been tested and is live in other major markets already, in particular Boston. In addition, the Paymentus platform is a cloud-based product, which allows for ease in upgrading. The Paymentus product works out of the box with a category of payment channels that we do not currently accept, such as the various big technology company payment platforms.

Nazem iterated that Citibank remains as the Board's depositary of Board funds. He also noted that while there will be a cost increase, it is offset by the process of software development costs that we would have had to undertake to get another electronic payment product to integrate with UMAX. Additionally, more payment options will be provided to customers with increased functionality and ease of use.

Nazem gave an overview of the selection process for the new vendor. A nine-person selection committee was formed from the DEP Bureaus of Information Technology, Customer Service, and Budget, as well as Water Board staff. After receiving product demonstrations and presentations, the team used a standardized scoring sheet of twelve criteria with specific weights. Eight of the nine selectors thought Paymentus was the better option.

Member Goldin asked about how Paymentus will be paid: if via a one-time license fee, ongoing subscription or by individual transactions. Nazem noted it would be similar to the existing process, which is a fixed cost per transaction, or by a percentage fee for debit and credit cards. Member Goldin followed-up to inquire if there will be a step-up in transaction fees, and Nazem answered yes, but that it will not be visible to customers since the Board absorbs the cost of everything except the card payment fees. The justification to the step-up in fees is that we are

getting more payment channels, avoided a year's worth of software development, enhanced security, and real-time posting of payments.

Member Goldin asked if there are other fixed costs, and Nazem responded that there is a de-minimis fixed fee cost but 99% are the variable costs previously discussed. Chair Carney requested clarification about the potential 11-year commitment and the requested amount of the contract of not to exceed \$8 million. Nazem stated that the intent of the resolution is to assure funding for the first five years, but if we exercise the extension, we will seek additional funding to cover extension periods. Chair Carney suggested revising the resolution to specify that the total compensation for services for the initial five-year period will not exceed \$8 million of Board funds for those five years, and Secretary Rodriguez agreed to the change.

There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLUTION

WHEREAS, pursuant to Section 1045-g (8) of the New York City Municipal Water Finance Authority Act (the "Act"), the New York City Water Board (the "Board") is authorized to enter into contracts and to retain private consultants on a contract basis for the purpose of obtaining professional or technical services to assist the Board in carrying out its responsibilities; and,

WHEREAS, the Board's primary duty under the Act is to establish and collect water and wastewater rates and charges in an amount sufficient to place the water supply and wastewater systems of the City of New York on a self-sustaining basis; and

WHEREAS, the Board's billing agent, the New York City Department of Environmental Protection (DEP), is implementing a new computer billing system, with an anticipated launch date during calendar year 2021; and

WHEREAS, maintaining a high degree of cybersecurity protection around the Board and DEP's financial and computer systems, as well as maintaining the general security and integrity of the personal and financial information of the Board's customers, is a priority of the Board and DEP; and

WHEREAS, Itineris, the vendor and system integrator that is implementing the new computer billing system on behalf of the Board and DEP, has an existing technology system integration and business relationship with electronic payment processor Paymentus Corporation (Paymentus), a Delaware corporation with a principal place of business at 13024 Ballantyne Corporation Parkway, Suite 400, Charlotte, North Carolina, 28277; and

WHEREAS, Paymentus is the only vendor to have this existing technology system integration and business relationship with Itineris; and

WHEREAS, a Technical Evaluation Committee ("the Committee"), consisting of ten qualified individuals drawn from the Board and DEP rated and ranked both Paymentus and the Board's incumbent electronic payments vendor; and

WHEREAS, nine members of the Committee determined that the overall package of product features available with the Paymentus offering was superior to existing functionality, and that the total economic cost of the Paymentus proposal was fair and reasonable; and

WHEREAS, in accordance with the Water Board's Policy on the Procurement of Goods and Services, in particular, Section 4 (selection based on the best combination of technical merit and price) and Section 5.i (prior approval of contracts where the cumulative value exceeds \$100,000), the Board finds the selection of Paymentus to work as the electronic payments vendors in conjunction with the Itineris computer billing system, as well as the Board's Local Water Fund accounts as it may designate, is appropriate; it is therefore

RESOLVED, that the Executive Director is hereby authorized and directed to execute an agreement with Paymentus to provide electronic payment processing services to the Board, for an initial five-year term with two additional three-year extensions at the Board's option, upon such terms and conditions as the Executive Director may deem reasonable and appropriate; and be it further

RESOLVED, that the total compensation for services performed for the initial five-year term shall not exceed \$8,000,000 of Board funds.

Water Board and Department of Environmental Protection Financial Update

The last agenda item was the financial update provided by Treasurer Nazem, highlighting that: (1) revenues are ahead of the planned budget adopted this time last year; (2) revenues are down compared to last year's collections, mainly because of the pandemic; and (3) there is an increase in delinquencies compared to this time last year. In terms of water consumption, residential water use was up by 2% compared to October 2019 while metered consumption by commercial customers was down nearly 21% compared to last year. The overall amount that was past due was 21% higher than the end of last October due to two factors: (1) there were over 16,000 more accounts that are delinquent in October 2020 than last year and (2) there was a slightly higher average delinquency balance.

Member Freed asked about the projected rate of future delinquent accounts. Executive Director Murin answered that current information is only a best estimate and DEP is working closely with the Water Authority for bond offerings and with OMB in terms of the economic factors. They were all trying to be optimistic yet prudent in how to proceed with capital programs and on the expense side too.

Chair Carney noted that based on the information that the Board has received, there is a fixed procedure in dealing with delinquencies but he asked if there is the prospect of changing those procedures. Executive Director Murin said that it is still early to say how to proceed. He is hopeful that with the new federal administration, there may be some easing of impact through another stimulus bill or infrastructure bill or both. When the first stimulus checks came, there was an uptick in collections as people paid their bills. If there is another round of stimulus, then he expected that would help again and possibly mitigate any planned measures. They are cautious and aware of what the Board members have previously iterated, which is to make sure that they keep the most vulnerable uppermost in our mind while still making sure to maintain and collect enough money to keep the system running. Chair Carney thanked Executive Director Murin, as well as DEP for their excellent presentations.

There being no further business to come before the Board, upon motion duly made and seconded, the meeting was duly adjourned.

SECRETARY

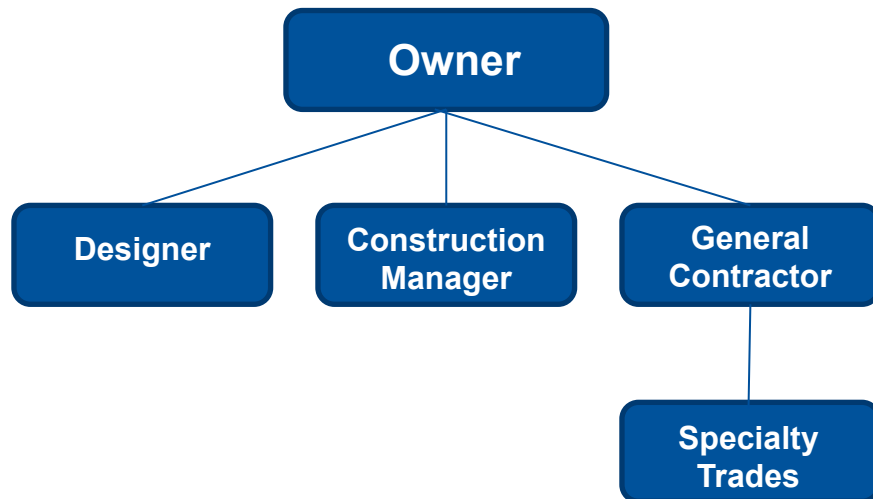


Deploying a Design-Build Approach to Capital Project Construction at DEP

March 23, 2021

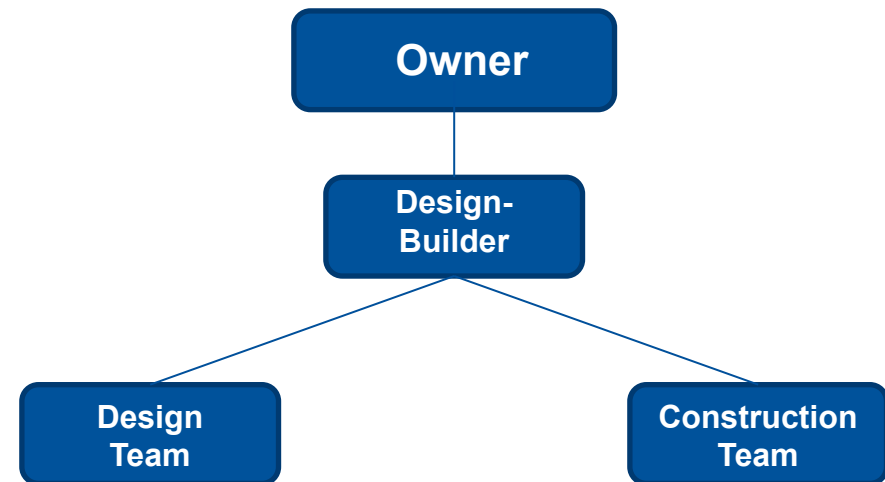
Design-Bid-Build – Standard Today

Asset owner DEP hires a design firm, up to 4 contractors, and a construction management team to coordinate work between the design and construction teams



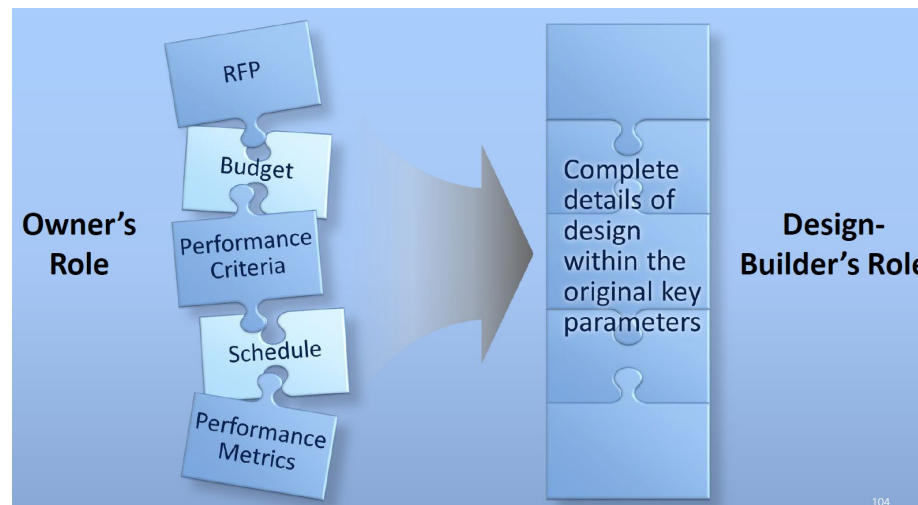
Design-Build – New Approach

Asset owner DEP hires a single Design-Build Team that spans design, construction, and commissioning



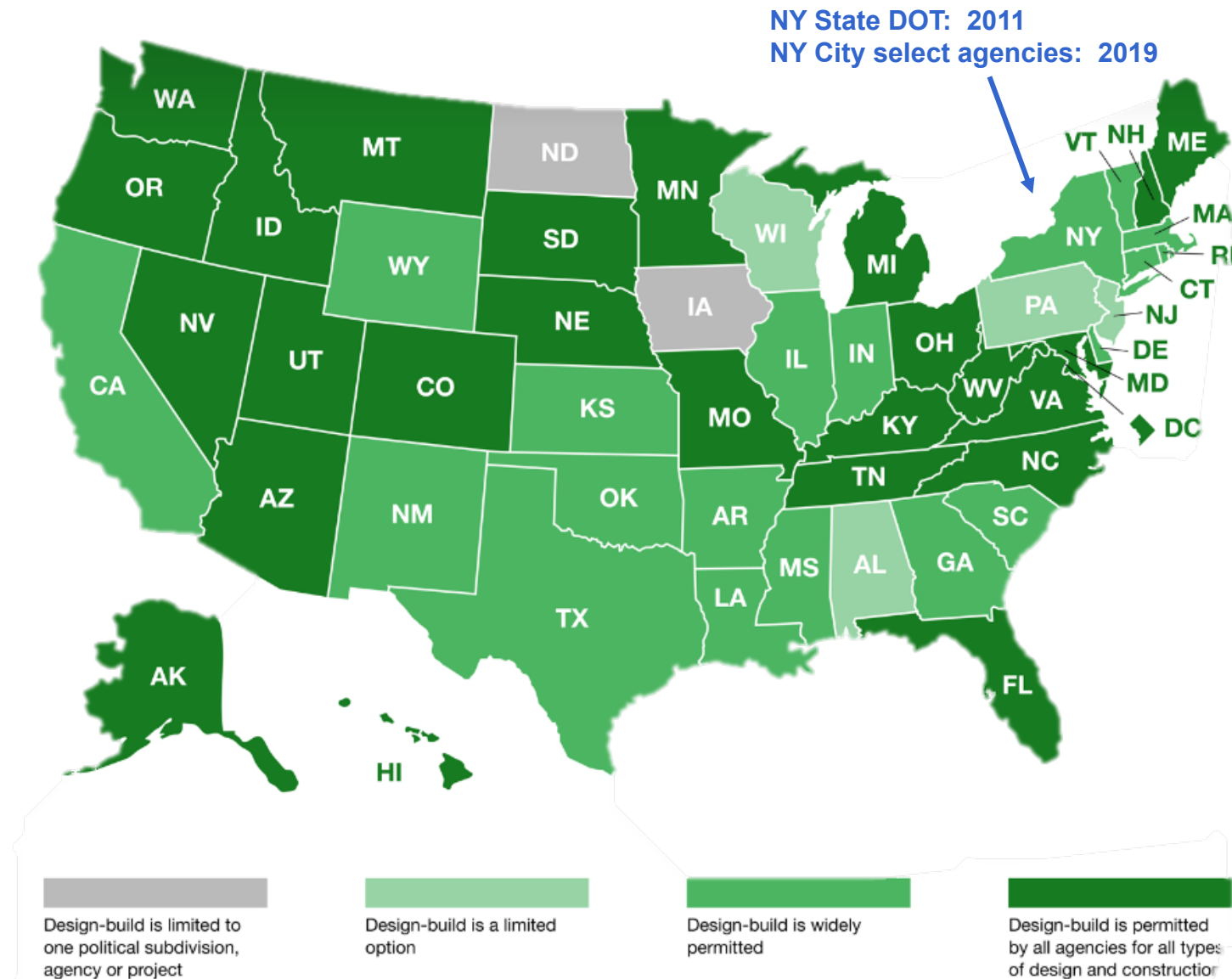
Design-Build Benefits

- Faster construction – **significantly faster** than traditional methods; 1 procurement instead of 2
- Cost savings – **likely less expensive** (~5%) compared to traditional methods
- Owner gains cost certainty earlier in the project lifecycle, resulting in lower likelihood of cost overruns
- Allocation of individual project risks is transparent, and agreed to up front
- Accountability of risks borne by outside vendors is concentrated with a single vendor group
- Somewhat more scope for innovation, since Design-Build Team has more project control and accountability
- Faster plus potentially less costly → stronger asset base supporting Board revenues



Design-Build Across the Country

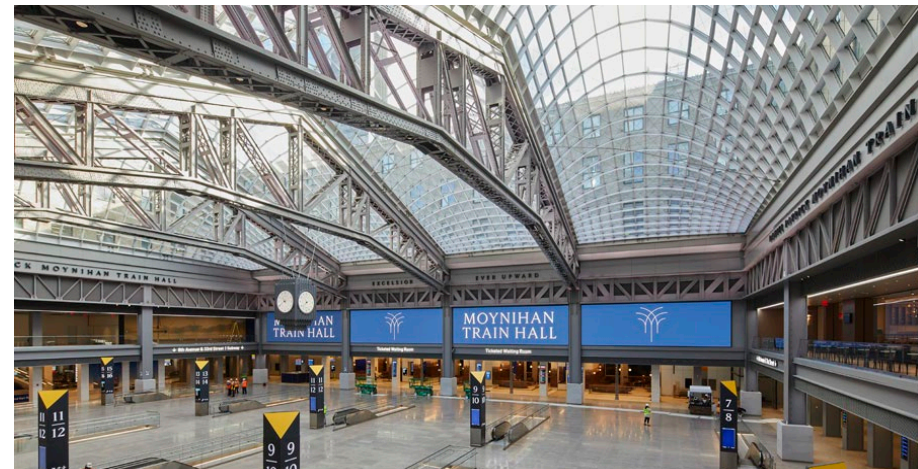
Design-Build is a proven construction method across the country, with 48 states having some level of authorization



- New York State extended Design-Build authority to the State Department of Transportation in 2011 – now more than 30 projects completed or underway
- Other New York State agencies are also currently able to complete Design-Build projects
- Several City agencies, including DEP, were granted Design-Build authority on a pilot basis in December 2019, for projects over \$10 million
- The legislation sunsets on December 31, 2022, although Design-Build projects started before that date can remain as Design-Build through completion
- If the legislative pilot is a success, it may be possible to renew or make permanent the provisional legislative grant
- DEP has established a goal of issuing a minimum of one eligible RFQ before June 2022



The **Kosciuszko Bridge** was completed in 2019, four years ahead of schedule and on-budget



The **Moynihan Train Hall** was completed in 2020, on-time and on-budget

- Upon passage of the Design-Build legislation, DEP engaged a civil engineering advisor to evaluate DEP's existing organization and make recommendations to set up a successful Design-Build framework within the agency
- That phase 1 effort resulted in the following recommendations:
 - Create and train a team of Design-Build champions in key strategic areas (legal, procurement, engineering, budgeting)
 - Evaluate the capital program to identify strong pilot projects
 - Draft new contracts that meet design-build expectations
 - Engage with the industry and other stakeholders to spur interest in DEP's projects
 - **Develop new procurement processes and documents to support the projects to be included in the Design-Build pilot projects**



OVE ARUP & PARTNERS PC

NYC WB/DEP Models for Executing
a Design-Build Approach for Capital
Projects – Final Submission

- DEP is seeking Board approval for up to \$1 million to hire a consultant with significant experience working on Design-Build projects within New York State to support DEP's procurement team in developing new policies and procedures around Design-Build
- This work needs to begin before June 30, which would leave 18 months to complete the internal groundwork and then the specific capital project work to issue the qualifying RFQs
- Key activities of this procurement would include:
 - Develop a work plan and schedule inclusive of all items required to achieve the goal of releasing a pilot project RFQ before June 30, 2022 and up to four additional RFQs by December 31, 2022
 - Create the internal process documents, training manuals, FAQs, and model timelines, as well as education, orientation, and training materials DEP staff would require to successfully complete Design-Build projects
 - Assist in the development of procurement-related forms, templates and communication materials for both internal and external stakeholders, including DEP bureau staff and the vendor community
- We believe the Water Board is a logical place to request a procurement, since Design-Build would add to the integrity of the water and wastewater asset base, and the time and potentially the cost benefits of Design-Build would have a benefit on all ratepayers
- If the Board authorizes the procurement, DEP would keep the Board updated on the progress of the work, and report back with the results

Thank You – And Any Questions?



NEW YORK CITY WATER BOARD

March 23, 2021

RESOLUTION

WHEREAS, pursuant to Section 1045-g(8) of the New York City Municipal Water Finance Authority Act (the "Act"), the New York City Water Board (the "Board") is authorized to enter into contracts and to retain private consultants on a contract basis for the purpose of obtaining professional or technical services to assist the Board in carrying out its responsibilities; and,

WHEREAS, the Board's primary duty under the Act is to establish and collect water and wastewater rates and charges in an amount sufficient to place the water supply and wastewater systems of the City of New York ("the System") on a self-sustaining basis; and

WHEREAS, the Board's ability to obtain revenues for the provision of water and wastewater service presumes the operability, safety, and integrity of the System, without which it is not possible to maintain the System's self-sustaining status; and

WHEREAS, the System's operator, and the Board's billing agent, the New York City Department of Environmental Protection ("DEP"), is authorized under the New York City Public Works Investment Act (the "Act"), as signed into law by the Governor of New York on December 31, 2019, to authorize water and wastewater capital construction projects using a design-build project methodology; and

WHEREAS, the Act extends design-build construction authority to DEP on a provisional basis, that ends on December 31, 2022; and

WHEREAS, in order to determine and then demonstrate whether a design-build construction approach is suitable for DEP, the agency has set a goal of issuing one design-build request for qualifications before June 30, 2022, and up to four additional requests for qualification before December 31, 2022; and

WHEREAS, in accordance with the Water Board's Policy on the Procurement of Goods and Services, in particular, Section 4 (selection based on the best combination of technical merit and price) and Section 5.i (prior approval of contracts where the cumulative value exceeds \$100,000), the Board's professional staff is informing the Board of DEP's request to conduct a competitive bidding and solicitation process, available to any and all respondents, and offering its opinion that such a procurement would be consistent with the scope of the Board's authority, and in the interest of the Board, the System, and DEP's utility service customers; it is therefore

RESOLVED, that the Executive Director is hereby authorized and directed to instruct the Board's professional staff to post a detailed request for proposals, assemble a bid evaluation committee, and to negotiate and enter into an agreement with a selected vendor to provide design-build consulting services to the Board, for an initial one-year term with two additional six-month extensions at the Board's option, upon such terms and conditions as the Executive Director may deem reasonable and appropriate; and be it further

RESOLVED, that the total compensation for services performed for the initial one-year term shall not exceed \$1,000,000 of Board funds.

Financial and water usage update

\$ in millions	Actual Receipts			Budget
	FY19	FY20	FY21	FY21
Revenues through March 19*	2,829	2,953	2,739	2,529
	Percent	Dollars		
FY21 YTD versus plan	8.3%	210		
FY21 YTD versus last year	-7.3%	(214)		

* Equivalent business day for prior years; FY19 adjusts for FY18 City payment received on 7/2/18

Accounts receivable delinquent more than 180 days

Dollars in millions	2/29/20	2/28/21	1-yr Change	No. of accounts	2/29/20	2/28/21	1-yr Change
Small residential (1-3 units)	\$321.4	\$380.4	18.4%	Small residential (1-3 units)	81,233	93,229	14.8%
Large residential (4+ units)	\$171.2	\$227.3	32.8%	Large residential (4+ units)	9,891	14,069	42.2%
Commercial + industrial	\$101.2	\$142.4	40.6%	Commercial + industrial	6,440	9,082	41.0%
All accounts	\$593.8	\$750.1	26.3%	All accounts	97,564	116,380	19.3%

Change in water consumption by meter billed customers through Feb 28:

Small residential (1-3 units)	3.8%
Large residential (4+ units)	-1.8%
Commercial + industrial	-19.6%
All tax classes	-4.9%

Change in wholesale water use thru Jan. 31: 1.4%

NEW YORK CITY WATER BOARD

Investment Report for the Period July 1, 2020 to September 30, 2020

All dollars in millions

I. Portfolio Summary as of September 30, 2020

	At Cost	At Market	Par Value	Unrealized G/L	YTM at 9/30/20
State Street - O&M Reserve Account:					
U.S. Government Treasury bills maturing 8/12/21	83.2	83.2	83.3	0.0	0.11%
U.S. Government Treasury bills maturing 9/9/21	49.5	49.5	49.6	0.0	0.12%
Cash equivalents	0.0	0.0			
Interest receivable	0.0	0.0			
Total portfolio	132.7	132.7	132.9	0.0	
State Street - Local Water Investment Account:					
Fixed income investments					
Cash equivalents					
Interest receivable					
Total portfolio	0.0	0.0	0.0		
TOTAL PORTFOLIO HOLDINGS	132.7	132.7	0.0		

II. Portfolio new investment activity during the quarter

	Maturity Date	Purchase Date	Purchase Cost	YTM at Purchase
State Street - O&M Reserve Account:				
U.S. Government Treasury bills maturing 8/12/21	8/12/21	8/13/20	83.2	0.14%
U.S. Government Treasury bills maturing 9/9/21	9/9/21	9/24/20	49.5	0.12%

State Street - Local Water Investment Account:

No purchases in quarter

NEW YORK CITY WATER BOARD

Investment Report for the Period October 1, 2020 to December 31, 2020

All dollars in millions

I. Portfolio Summary as of December 31, 2020

	At Cost	At Market	Par Value	Unrealized G/L	YTM at 12/31/20
State Street - O&M Reserve Account:					
U.S. Government Treasury bills maturing 8/12/21	83.2	83.2	83.3	0.0	0.10%
U.S. Government Treasury bills maturing 9/9/21	174.5	174.4	174.6	0.0	0.10%
Cash equivalents	1.2	1.2			
Interest receivable	0.0	0.0			
Total portfolio	258.9	258.9	257.9	0.0	
State Street - Local Water Investment Account:					
Fixed income investments					
Cash equivalents					
Interest receivable					
Total portfolio	0.0	0.0	0.0		
TOTAL PORTFOLIO HOLDINGS	258.9	258.9	0.0		

II. Portfolio new investment activity during the quarter

	Maturity Date	Purchase Date	Purchase Cost	YTM at Purchase
State Street - O&M Reserve Account:				
U.S. Government Treasury bills maturing 9/9/21	9/9/21	12/16/20	25.0	0.09%
U.S. Government Treasury bills maturing 9/9/21	9/9/21	12/21/20	25.0	0.08%
U.S. Government Treasury bills maturing 9/9/21	9/9/21	12/23/20	25.0	0.09%
U.S. Government Treasury bills maturing 9/9/21	9/9/21	12/29/20	30.0	0.10%
U.S. Government Treasury bills maturing 9/9/21	9/9/21	12/31/20	20.0	0.07%

State Street - Local Water Investment Account:

No purchases in quarter