

Memorandum



CITY OF DALLAS

DATE: August 15, 2024

TO: Sarah Standifer, Director – Dallas Water Utilities
Danielle Thompson, Director – Office of Procurement Services

SUBJECT: Independent Report on Agreed-Upon Procedures for: Attestation Engagement for Elm Fork Water Treatment Plant Water Quality Improvements Program Construction Manager at Risk - Preconstruction and Construction Phase Services CIZ-DWU-24-049E

Attached for your review is the *Independent Report on Agreed-Upon Procedures for: Attestation Engagement for Elm Fork Water Treatment Plant Water Quality Improvements Program Construction Manager at Risk -- Preconstruction and Construction Phase Services CIZ-DWU-24-049E*. The Agreed-Upon Procedures are included in [Attachment 1](#). No exceptions were noted.

We have performed these procedures, which were agreed to by the Dallas Water Utilities and the Office of Procurement Services, solely to assist the City of Dallas City Council in evaluating the Dallas Water Utilities' and the Office of Procurement Services' compliance with the requirements of Administrative Directive 4-05, *Contracting Standards and Procedures*, relevant State of Texas statutes, and City of Dallas contracting and delivery procedures. Dallas Water Utilities is responsible for the establishment of policies and procedures to comply with those requirements.

If you have any questions, please contact me at 615-974-8700 or mark.swann@dallas.gov.

Sincerely,

A handwritten signature in black ink that reads "Mark S. Swann".

Mark S. Swann
City Auditor

Independent Report on Agreed-Upon Procedures for: Attestation Engagement for Elm Fork Water Treatment Plant Water Quality Improvements Program Construction Manager at Risk -- Preconstruction and Construction Phase Services CIZ-DWU-24-049E

August 15, 2024

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Attachment

C: Honorable Mayor and Members of the City Council

Kimberly Bizer Tolbert, City Manager (I)

Tammy Palomino, City Attorney

Biliera Johnson, City Secretary

Dev Rastogi, Assistant City Manager

Donzell Gipson, Assistant City Manager (I)

Elizabeth Saab, Chief of Staff Strategy, Engagement, and Alignment

Jack Ireland, Chief Financial Officer

Matthew Penk, P.E. Assistant Director, Dallas Water Utilities

Sheri Kowalski, City Controller

Alpha Jalloh, Assistant Director – Financial Compliance, Auditing & Monitoring

Jeffrey Brill, Manager – Financial Compliance, Auditing, & Monitoring

“Service First, Now!”

Connect – Collaborate – Communicate



Independent Report on Agreed-Upon Procedures for:
Attestation Engagement for Elm Fork Water Treatment
Plant Water Quality Improvements Program Construction
Manager at Risk – Preconstruction and Construction Phase
Services CIZ-DWU-24-049E

August 15, 2024

Mark S. Swann, City Auditor

Mayor

Eric L. Johnson

Mayor Pro Tem

Tennell Atkins

Deputy Mayor Pro Tem

Adam Bazaldua

Council Members

Carolyn King Arnold

Paula Blackmon

Zarin D. Gracey

Cara Mendelsohn

Jesse Moreno

Omar Narvaez

Jaime Resendez

Paul E. Ridley

Jaynie Schultz

Kathy Stewart

Chad West

Gay Donnell Willis



Executive Summary

Objective and Scope

The objective of the agreed-upon procedures attestation engagement is solely to assist the City of Dallas City Council in evaluating Dallas Water Utilities' and the Office of Procurement Services' compliance with the requirements of City of Dallas Administrative Directive 4-05, *Contracting Standards and Procedures*, relevant State of Texas statutes, and City of Dallas contracting and delivery procedures.

Dallas Water Utilities requested this attestation in accordance with Administrative Directive 4-05, Section 9.5.5, *Attestation Engagement Requirement for All Construction Projects \$50 Million and Greater*.

Background

The Elm Fork Water Treatment Plant water quality improvements program began in 2010 and continues with the filter complex phase 1 currently under construction. The Construction Manager-at-Risk (CMAR) contract will address phase 2 of the filter complex, various basins, and chemical improvements.

Dallas Water Utilities decided to use the CMAR construction delivery method for the following reasons.

- CMAR collaboratively involved in design process.
- Allows for early construction and equipment procurement.
- Updated costs given the construction market.
- Cost certainty when entering the competitive bid.
- Contractor takes responsibility for complex sequencing and delivery to operations.
- Delivery is timely, potentially accelerated.

The total price for construction is currently budgeted at \$500 million. Dallas Water Utilities is seeking approval from the City Council to award Archer Western Construction, LLC the pre-construction services contract. Future construction by CMAR will be based on guaranteed maximum price proposals.

Observed Conditions

No exceptions were found for the 17 Agreed-Upon procedures. See [Attachment 1](#) for the full list of procedures.

Results

Independent Agreed-Upon Procedures Report

The Office of the City Auditor conducted the procedures described in [Attachment 1](#), which were agreed to by Dallas Water Utilities and the Office of Procurement Services, solely to assist the City of Dallas City Council in evaluating Dallas Water Utilities' and the Office of Procurement Services' compliance with the requirements of with the requirements of Administrative Directive 4-05, *Contracting Standards and Procedures*, relevant State of Texas statutes, and City of Dallas contracting and delivery procedures.

Dallas Water Utilities' and the Office of Procurement Services' are responsible for the establishment of policies and procedures to comply with those requirements. The sufficiency of these agreed-upon procedures is solely the responsibility of the parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in [Attachment 1](#), either for the purpose for which this report has been requested or for any other purpose.

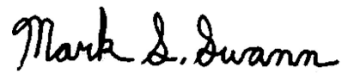
No exceptions were noted for the Agreed-Upon Procedures. See [Attachment 1](#) for a list of the procedures performed.

Dallas Water Utilities requested this attestation on January 17, 2024 in compliance with the requirements of Administrative Directive 4-05, *Contracting Standards and Procedures*. The Office of the City Auditor completed the agreed-upon procedures on August 15, 2024. No exceptions were noted.

The purpose of this report on applying agreed-upon procedures is intended solely for the information and use of the Dallas City Council and City management and is not intended to be and should not be used by anyone other than these specified parties. Accordingly, this report is not suitable for any other purpose. The Office of the City Auditor was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance. Accordingly, the Office of the City Auditor does not express such an opinion or conclusion. Had additional procedures been performed, other matters might have been identified that would have been reported.

We are required to be independent of Dallas Water Utilities and the Office of Procurement Services and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. The agreed-upon procedures were conducted in accordance with the United States generally accepted government auditing standards which incorporate attestation standards established by the American Institute of Certified Public Accountants.

Signature:

A handwritten signature in black ink that reads "Mark S. Swann". The signature is written in a cursive style with a large, stylized initial "M".

Mark S. Swann, CPA
City Auditor
City of Dallas, Texas

8/15/2024

Attachment 1: Agreed-Upon Procedures

Independent Report on Agreed-Upon Procedures for: Attestation Engagement for Elm Fork Water Treatment Plant Water Quality Improvements Program Construction Manager at Risk -- Preconstruction and Construction Phase Services CIZ-DWU-24-049E

8/15/2024

Agreed-Upon Procedures

As stated in Administrative Directive 4-05, *Contracting Standards and Procedures*, Section 9.5.5:

- (a) Confirm the documentation to support the procurement is provided by Dallas Water Utilities and other applicable City departments.

No exceptions.

- (b) Confirm solicitation procedures complied with Administrative Directive 4-05, *Contracting Standards and Procedures*, City Ordinances, application State Laws and departmental policies and procedures.

No exceptions.

- (c) Confirm the scope of work/specifications were written in a manner that promotes competition and competitive pricing.

No exceptions.

- (d) Confirm the specification identify the criteria for which Dallas Water Utilities could determine that a bid is responsive and responsible.

No exceptions.

- (e) Confirm that Dallas Water Utilities performed due diligence when developing the bid specifications by consulting with other departments, such as the City Attorney's Office, and documenting the consultation.

No exceptions.

- (f) Confirm the procurement was advertised appropriately in accordance with State law.

No exceptions.

- (g) Confirm Dallas Water Utilities used appropriate commodity code(s) to send notifications to the vending community from the City's solicitation system.

No exceptions.

- (h) Confirm Dallas Water Utilities sent solicitation notices and addenda (if applicable) to the vending community with sufficient time for response.

No exceptions.

- (i) Confirm Dallas Water Utilities held a pre-bid meeting, if applicable.

No exceptions.

- (j) Confirm the specifications were posted for a reasonable period of time on the City's solicitation system.

No exceptions.

- (k) Confirm Dallas Water Utilities obtained appropriate nondisclosure and conflict of interest forms for any consultants and/or subject matter experts used in the procurement process, if applicable. Additionally, if applicable, confirm Dallas Water Utilities included conflict-of-interest and nondisclosure policy language in the scope of work/specifications.

No exceptions.

- (l) Confirm the City received sealed bids/proposals within the due date and time, opened them, and subsequently read them in compliance with State law.

No exceptions.

- (m) Confirm the City received and evaluated the bids/proposals and found them to meet the minimum requirements/qualifications for low bid OR that the most advantageous proposer was determined based on the published evaluation criteria.

No exceptions.

- (n) Confirm Dallas Water Utilities performed due diligence when a bidder is disqualified or in the event of a bid protest by consulting with the City Attorney's Office and informed the City Council of a bid protest and response in accordance with Administrative Directive 4-05, *Contracting Standards and Procedures*, 9.5.3.

No exceptions.

- (o) Obtain a representation from the Small Business Center that the Small Business Center followed the City's Business Inclusion and Development policies outlined by City Council.

No exceptions.

- (p) Confirm Dallas Water Utilities review and evaluation process confirmed the lowest bid or highest ranked vendor, and that Dallas Water Utilities appropriately documented the determination.

No exceptions.

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- (q) Confirm Dallas Water Utilities used the Federal System for Award Management website to confirm that the lowest responsible bidder is not currently excluded.

No exceptions.