Memorandum

CITY OF DALLAS

DATE: July 28, 2026

TO: Sarah Standifer, Director, Dallas Water Utilities
Juanita Ortiz, Director, Office of Procurement Services

SUBJECT: Independent Memorandum on Agreed-Upon Procedures for Southwest Pipeline Phase 1A - CIZ-DWU-26 003

The Office of the City Auditor discontinued performing an independent review of agreed-upon procedures described in **Attachment 1**, at the request of the Dallas Water Utilities on May 28, 2026. Dallas Water Utilities initiated a request for the Construction Procurement of the Southwest Pipeline Phase1A Project on January 8, 2026. The Office of the City Auditor performed nine of the 17 agreed-upon procedures before the engagement was discontinued, with no exceptions.

Management requested that the Office of the City Auditor discontinue the engagement after actual bids were received below the $100 million threshold estimate noted in Administrative Directive 4-05, Contracting Standards and Procedures. See **Attachment 2**. As a result, the remaining eight procedures were not performed.

The Office of the City Auditor initiated the independent review at the request of 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 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 and execution of operational procedures. The sufficiency of these agreed-upon procedures is solely the responsibility of the parties specified in this memorandum. Consequently, we make no representation regarding the sufficiency of the procedures described in **Attachment 1,** either for the purpose for which this memorandum has been requested or for any other purpose.

This memorandum 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 memorandum 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 an opinion or conclusion. Had additional procedures been performed, other matters might have been identified that would have been reported.

The agreed-upon procedures performed were conducted in accordance with generally accepted government auditing standards, which incorporate attestation standards established by the American Institute of Certified Public Accountants.

Sincerely,

Mamatha Sparks

Mamatha Sparks
Interim City Auditor

Attachments (2)

C: Honorable Mayor and Members of the City Council
Kimberly Bizor Tolbert, City Manager
Bertram Vandenberg, City Attorney (I)
Bilierae Johnson, City Secretary
Baron Eliason, Inspector General (I)
Ahmad Goree, Chief of Staff
Jack Ireland, Chief Financial Officer
Sheri Kowalski, City Controller
Jeffrey Brill, Manager–Financial Compliance, Auditing, & Monitoring

Attachment 1

Independent Memorandum on Agreed-Upon Procedures for: Attestation Engagement for Southwest 96-inch Water Transmission Pipeline Project CIZ-DWU-26 003
7/28/2026

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 the Dallas Water Utilities, Office of Procurement Services, and other applicable City departments.

Not completed

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

Not completed

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

No exceptions

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

No exceptions

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

No exceptions

(i) Confirm the 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 the 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 the Office of Bond and Construction Management included conflict-of-interest and nondisclosure policy language in the scope of work/specifications.

Not completed

(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.

Not completed

(n) Confirm the 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.

Not completed

(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.

Not completed

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

Not completed

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

Not completed

Attachment 2

Independent Memorandum on Agreed-Upon Procedure for Southwest Pipeline Phase 1A – CIZ-DWU-26 003

See following page(s) for management's request to discontinue the attestation.

Memorandum

CITY OF DALLAS

DATE May 28, 2026

TO Mamatha Sparks - Interim City Auditor

SUBJECT **Discontinuance of Attestation for Construction Procurement Southwest Pipeline Phase 1A Project**

Dallas Water Utilities (DWU) engaged the City Auditor's Office to conduct an attestation on February 18, 2026, for the construction procurement of the Southwest Pipeline Phase 1A Project in accordance with Administrative Directive 4-05. The engineer's estimate for the project was $130,000,000 ($95,000,000 for the base bid and $35,000,000 for additive alternatives). Since the base bid estimate was close to the $100,000,000 threshold required for an attestation, the department felt it would be in our best interest to engage the Auditor's Office in the event submitted proposals exceeded the engineer's estimate.

Proposals were received on May 15, 2026, and all base bid cost proposals are below the $100,000,000 threshold. In addition, the department plans to interview the top scoring proposers whose base bid cost proposals and total cost proposals (base bid plus additive alternatives) are all under the $100,000,000 threshold.

Since the cost proposals are below the attestation threshold for construction procurements, DWU is requesting that the City Auditor's Office discontinue the attestation process on this project. The department will not require an attestation report; however, DWU understands if it is City Auditor's Office policy to complete one for work done to date on this procurement.

Should you have any questions or concerns, please let me know.

Sarah Standifer
Director - Dallas Water Utilities

c: Matthew Penk, Deputy Director, Dallas Water Utilities
Leslie Castillo, Interim Assistant Director, Dallas Water Utilities
Rishi Bhattarai, Engineering Program Administrator, Dallas Water Utilities
Natalie Wilson, Superintendent, Dallas Water Utilities