

Memorandum



DATE: September 8, 2022

TO: Terry Lowery, Director – Department of Dallas Water Utilities
Danielle Thompson, Director – Office of Procurement Services

SUBJECT: Independent Report on Agreed-Upon Procedures for: Attestation Engagement for the Department of Dallas Water Utilities Construction Project Procurement – Elm Fork Water Treatment Plant Filter Complex Phase 1 – CIZ-DWU-22 051

Attached for your review is the *Independent Report on Agreed-Upon Procedures for: Attestation Engagement for the Department of Dallas Water Utilities Construction Project Procurement – Elm Fork Water Treatment Plant Filter Complex Phase 1 – CIZ-DWU-22 051*. The Agreed-Upon Procedures are included in [Attachment 1](#). No exceptions were noted.

We have performed these procedures, which were agreed to by the Department of Dallas Water Utilities and the Office of Procurement Services, solely to assist the City of Dallas City Council in evaluating the Department of 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.

If you have any questions, please contact me at (214) 670-3222 or by email at mark.swann@dallas.gov.

Sincerely,



Mark S. Swann
City Auditor

Independent Report on Agreed-Upon Procedures for: Attestation Engagement for the Department of
Dallas Water Utilities Construction Project Procurement – Elm Fork Water Treatment Plant Filter Complex
Phase 1 – CIZ-DWU-22 051
September 8, 2022
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Attachment

C: Honorable Mayor and Members of the City Council

T.C. Broadnax, City Manager

Christopher J. Caso, City Attorney

Kimberly Bizer Tolbert, Deputy City Manager

Jon Fortune, Deputy City Manager

Jack Ireland, Chief Financial Officer

Joyce Williams, Director – Small Business Center

Sheri Kowalski, City Controller

Kevin Ann Mullen, Assistant Director, Financial Compliance, Auditing & Monitoring



Independent Report on Agreed-Upon Procedures for: Attestation Engagement for the Department of Dallas Water Utilities Construction Project Procurement – Elm Fork Water Treatment Plant Filter Complex Phase 1 – CIZ-DWU-22 051

September 8, 2022

Mark S. Swann, City Auditor

Mayor

Eric Johnson

Mayor Pro Tem

Carolyn King Arnold

Deputy Mayor Pro Tem

Omar Narvaez

Council Members

Tennell Atkins

Adam Bazaldua

Paula Blackmon

B. Adam McGough

Cara Mendelsohn

Jesse Moreno

Jaime Resendez

Paul E. Ridley

Jaynie Schultz

Casey Thomas, II

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 the Department of Dallas Water Utilities' and Office of Procurement Services' compliance with Administrative Directive 4-05, *Contracting Standards and Procedures*, relevant State of Texas statutes, and City of Dallas contracting and delivery procedures.

The Department of 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 Filter Complex has been identified for replacement as part of Dallas Water Utilities' long-term water capital program planning. The Elm Fork Water Treatment Plant Filter Complex has reached the end of its useful life and the project plans to improve water quality and filtration efficiency.

After an earlier attempt to build a new filter complex exceeded the available budget, the project was split into phases, starting with this project to construct the new filter complex building and conduct repairs at the existing filter complex.

The base project was estimated to cost \$130 million, with up to six alternates that could be added if the budget allowed. The project had a Minority and Women-Owned Business Enterprise goal of 32 percent.

The Department of Dallas Water Utilities is seeking approval from the City Council to award \$155.1 million to Oscar Renda Contracting, Inc., the lowest of three bid submissions. Three alternates were added to the base bid of \$143.35 million.

What We Found

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 the Department of Dallas Water Utilities and the Office of Procurement Services, solely to assist the City of Dallas City Council in evaluating the Department of 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.

The Department of Dallas Water Utilities and 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 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.

The Department of Dallas Water Utilities requested this attestation on March 8, 2022, and the Office of the City Auditor completed the agreed-upon procedures on August 31, 2022. No exceptions were noted for the Agreed-Upon Procedures.

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:



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

September 8, 2022

ATTACHMENT 1: Agreed-Upon Procedures

Independent Report on Agreed-Upon Procedures for the Attestation Engagement for the Department of Dallas Water Utilities Construction Project Procurement – Elm Fork Water Treatment Plant Filter Complex Phase 1 – CIZ-DWU-22 051.

September 8, 2022

Agreed-Upon Procedures

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

- (a) Confirm the documentation to support the procurement is provided by the Department of Dallas Water Utilities, Office of Procurement Services, and other applicable City departments.

No Exceptions.

- (b) Confirm the solicitation complied with Administrative Directive 4-05, *Contracting Standards and Procedures*, City ordinances, applicable State law, 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 specifications identify the criteria for which the Department of Dallas Water Utilities could determine that a bid is responsive and responsible.

No Exceptions.

- (e) Confirm that the Department of 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 Department of Dallas Water Utilities and the Office of Procurement Services used appropriate commodity code(s) to send notifications to the vending community from the City's solicitation system.

No Exceptions.

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

No Exceptions.

- (i) Confirm the Department of 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 Department of 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 Department of 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.

No Exceptions.

- (n) Confirm the Department of 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 Applicable. No bidders were disqualified. No bid protests were received.

- (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 the City Council.

No Exceptions.

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

No Exceptions.

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

No Exceptions.