AGENDA

MEETING OF THE
SAN ANTONIO WATER SYSTEM
BOARD OF TRUSTEES
January 9, 2018, 9:00 A.M.
6th Floor Board Room #609
Administrative Offices
2800 U. S. Hwy 281 North, San Antonio, Texas 78212

1. MEETING CALLED TO ORDER.

2. Announcements.
   A. The San Antonio Water System Board of Trustees will, during the Meeting, close the Meeting and hold an Executive Session pursuant to and in accordance with Chapter 551 of the Texas Open Meetings Act. The Board of Trustees may, at any time during the Meeting, close the Meeting and hold an Executive Session for consultation with its attorneys concerning any of the matters to be considered during the Meeting pursuant to Chapter 551 of the Texas Open Meetings Act.

3. Minutes.
   A. Approval of the Minutes of the San Antonio Water System Board of Trustees Regular Board Meeting of November 7, 2017.


5. Public Comment.

SAN ANTONIO WATER SYSTEM
HANDICAPPED ACCESSIBILITY STATEMENT
The San Antonio Water System Buildings and Meeting Rooms are accessible to individuals with disabilities. Accessible visitor parking spaces as well as the accessible entrance and ramp are located at the west side main entrance of the SAWS Headquarters Building, Tower I, 2800 U.S. Highway 281 North. Individuals with disabilities in need of auxiliary aids and services, including Deaf interpreters, must request such aids and services forty-eight (48) hours prior to the meeting. For assistance, contact the Board Administrator at 210-233-3537 or 711 (Texas Relay Service for the Deaf).
CONSENT AGENDA ITEMS

Items 6 – 24

ITEMS CONCERNING THE PURCHASE OF EQUIPMENT, MATERIALS AND SUPPLIES

6. A Resolution accepting recommendations regarding the contracting for certain services, equipment, materials, and supplies, and authorizing the acceptance of bids as follows: (DOUG EVANSON – YVONNE TORRES)

A. Award of New One Time Purchases of Materials, Equipment and Services.

   No items for this Meeting.

B. Award of New and Renewal Annual Goods & Services Requirement Contract and Maintenance Agreements. Estimated annual purchases are based on unit prices bid. Actual totals and quantities may vary from the estimate.

   1. Authorizing the extension of an existing contract of Taylor Made Hose to provide: annual contract for hydraulic air, water, fuel, and industrial hoses and fittings for the Northwest Operational area, Bid No. 15-15011, for a total of $74,000.00.

   2. Acceptance of the best value bid of Texas Rural Water Association to provide: annual contract for Water and Wastewater Training Courses, Bid No. 17-5055, for a total of $108,500.00.

   3. Acceptance of the bid of McGard, LLC to provide: annual contract for meter valve locks, Bid No. 17-1434, for a total of $101,458.00.

   4. Acceptance of the bid of Alamo Distribution, LLC dba Alamo Iron Works to provide: annual contract for general digging tools and ladders, Bid No. 17-2070, for a total of $57,574.56.

   5. Acceptance of the best value bid of GoFleet Corporation to provide: annual contract for the purchase, install, and monitor of a Global Positioning System/Automated Vehicle Locator (GPS/AVL) tracking system, Bid No. 17-1137, for a total of $1,630,886.00.

   CAPITAL IMPROVEMENT CONTRACTS

   PROJECTS INVOLVING IMPROVEMENTS, EXTENSIONS AND ADDITIONAL CAPACITY

   Water and Sewer Line Improvements
7. A Resolution awarding a construction contract to T Construction, LLC in an amount not to exceed $429,303.00 in connection with the Jones Maltsberger at the Quarry Project. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

8. A Resolution approving Change Order No. 5 in an amount not to exceed $147,853.60 to the construction contract with S.J. Louis Construction of Texas, Ltd. in connection with the C-12 Donaldson Terrace Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

9. A Resolution approving Recapitulation Change Order No. 3 in the decreased amount of $457,663.00 to be credited to the construction contract with SAK Construction, LLC in connection with the C13 Broadway Corridor Project Packages 2.C and 4.C. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

10. A Resolution awarding a professional services contract to Arcadis U.S., Inc. in an amount not to exceed $700,000.00 in connection with the Treatment Facilities Engineering Work Order Contract. (ANDREA BEYMER – MICHAEL MYERS)

REPLACEMENT AND ADJUSTMENT PROJECTS

11. A Resolution approving the expenditure of funds in the amount of $101,750.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2017-2018 Asphalt Overlay Contract Package 7. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

12. A Resolution approving the expenditure of funds in the amount of $129,100.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2018-2019 Concrete Pavement/Flatwork Task Order Contract Package 5. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

EASEMENT AND REAL PROPERTY

13. A Resolution approving the purchase agreement in the amount of $350,000.00 with Vorsons, LLC for the purchase by the City of San Antonio, acting by and through the San Antonio Water System, approximately 3.049 acres located at 2239 Southwest Loop 410, San Antonio, Texas in the southwest quadrant of Bexar County, for the Southwest Loop 410 Elevated Storage Tank Project; authorizing the acquisition of the property in accordance with the terms of the purchase agreement; authorizing the expenditure of funds from the Project Fund in a total amount not to exceed $354,000.00 for the acquisition of the property and related closing and title insurance costs. (NANCY BELINSKY – BRUCE HABY)
14. A Resolution authorizing expenditures in an amount not to exceed $62,468.00 for the renewal of a one-year membership with the Water Environment and Reuse Foundation. (STEVE CLOUSE – JEFF HABY)

15. A Resolution awarding a service contract to Burgess & Niple, Inc. in an amount not to exceed $78,961.12 in connection with the Sanitary Sewer Smoke Testing in the CS15 Sub-Basin Contract. (JEFF HABY – ANNETTE DURON)

16. A Resolution awarding a construction contract to T Construction, LLC in an amount not to exceed $1,741,055.00 in connection with the 2018 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 1. (JEFF HABY – ANNETTE DURON)

17. A Resolution awarding a construction contract to Facilities Rehabilitation, Inc. in an amount not to exceed $2,984,100.00 in connection with the 2018 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 2. (JEFF HABY – ANNETTE DURON)

18. A Resolution awarding a construction contract to Green Hall, LLC in an amount not to exceed $565,830.00 in connection with the 2017 Annual Concrete Placement Work Order Construction Contract, Package 1. (MICHAEL BRINKMANN – ALISSA LOCKETT)

19. A Resolution awarding a construction contract to Gilbert’s Utility & Concrete Work, Inc. in an amount not to exceed $546,050.00 in connection with the 2017 Annual Concrete Placement Work Order Construction Contract, Package 2. (MICHAEL BRINKMANN – ALISSA LOCKETT)

20. A Resolution approving the Master Agreement with Applications Software Technology, LLC in an amount not to exceed $806,250.00 in connection with budget software implementation services and licenses. (MARY BAILEY– SREE PULAPAKA)


22. A Resolution approving the Internal Audit Risk Assessment and 2018 Annual Audit Plan and directing that the plan be implemented. (STACEY ISENBERG)

23. A Resolution approving the Audit Committee Charter with the proposed changes based on the required annual review. (STACEY ISENBERG)

24. A Resolution approving the Internal Audit Charter with the proposed changes based on the required annual review. (STACEY ISENBERG)
ITEMS FOR INDIVIDUAL CONSIDERATION


(DONOVAN BURTON – DARREN THOMPSON)

26. A Resolution appointing new members to the Community Conservation Committee for a two-year term expiring December 31, 2019, reappointing returning members for a term expiring December 31, 2019, and appointing the Chairperson to the Community Conservation Committee for a one-year term expiring December 31, 2018.

(GAVINO RAMOS – KAREN GUZ)

CAPITAL IMPROVEMENT CONTRACTS

PROJECTS INVOLVING IMPROVEMENTS, EXTENSIONS AND ADDITIONAL CAPACITY

Developer Customer Contracts

27. A Resolution approving Utility Service Agreements to provide water and/or wastewater service to the tracts listed below requiring potential oversizing of mains (OVR), and/or are located outside the San Antonio Water System water and/or wastewater Certificate of Convenience and Necessity (CCN).

(ANDREA BEYMER – TRACEY LEHMANN)

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Developer</th>
<th>Acres</th>
<th>W EDUs</th>
<th>WW EDUs</th>
<th>CoSA / CoSA ETJ / Outside</th>
<th>EARZ / CZ</th>
<th>Board Reason</th>
<th>W CCN</th>
<th>WW CCN</th>
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<tr>
<td>1</td>
<td>Fischer Tract (revised)</td>
<td>KB HOME Lone Star Inc., a Texas corporation</td>
<td>141.23</td>
<td>500</td>
<td>500</td>
<td>COSA ETJ</td>
<td>INSIDE</td>
<td>MOD</td>
<td>INSIDE</td>
<td>INSIDE</td>
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<tr>
<td>2</td>
<td>Hultz Office Building Tract</td>
<td>Kyle Hultz</td>
<td>1.106</td>
<td>0</td>
<td>1</td>
<td>COSA ETJ</td>
<td>INSIDE</td>
<td>CCN</td>
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<td>OUTSIDE</td>
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<td><strong>Total</strong></td>
<td></td>
<td>142.34</td>
<td>500</td>
<td>501</td>
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28. A Resolution awarding a construction contract to Qro Mex Construction Co., Inc. in an amount not to exceed $3,755,970.80 in connection with the Evans Road 24-Inch Water Main Extension Project; approving a contract between the System, Qro Mex Construction Co., Inc. and KB Homes Lone Star, Inc. for the project work; authorizing the expenditures of funds in an amount of $2,887,650.80 for the System’s proportionate share of the project work payable to Qro Mex Construction Co., Inc. and the expenditure of funds in an amount of $288,765.08 for the System’s proportionate share of the engineering design fees payable to KB Homes Lone Star, Inc.

(ANDREA BEYMER – TRACEY LEHMANN)
29. A Resolution awarding a construction contract to S.J. Louis Construction of Texas, Ltd. in an amount not to exceed $5,851,187.65 in connection with the Mission Del Lago – Offsite Sewer Improvements (15-Inch Required – 27-Inch Oversize) Project; approving a contract between the System, S.J. Louis Construction of Texas, Ltd. and Southstar Mission Del Lago Developer, LLC for the project work; authorizing the expenditures of funds in an amount of $4,382,367.07 for the System’s proportionate share of the project work payable to S.J. Louis Construction of Texas, Ltd. and the expenditure of funds in an amount of $438,236.71 for the System’s proportionate share of the engineering design fees payable to Southstar Mission Del Lago Developer, LLC.

(ANDREA BEYMER – TRACEY LEHMANN)

Water and Sewer Line Improvements

30. A Resolution ratifying the actions of the Vice President of Engineering and Construction in awarding a construction contract to S.J. Louis Construction of Texas, Ltd. in an amount not to exceed $4,065,782.17 in connection with the C5 Culebra – Castrovil to Laredo and C28 Zarzamora Creek – San Gabriel to NW 23rd Street Phase 1A – Trench Repair Emergency Project.

(ANDREA BEYMER – GAIL HAMRICK-PIGG)

31. BRIEFING SESSION.

A. Briefing and deliberation regarding Vista Ridge

B. Briefing and deliberation regarding Global Positioning System/Automated Vehicle Locator (GPS/AVL) Tracking System

32. President/Chief Executive Officer’s Report.

A. Briefing on Impact Fee Hardship Waivers

B. SAWS 2017 Accomplishments

33. Inquiries of the Board of Trustees for future briefings and/or follow-up action.

34. The Regular Session of the January 9, 2018, Regular Board Meeting is hereby recessed to hold an Executive Session and discuss the matters listed pursuant to Sections §551.071, §551.072 and §551.074 of the Texas Open Meetings Act.

35. EXECUTIVE SESSION.

A. Consultation with attorneys regarding legal matters related to the Design Build Contract with Kiewit Infrastructure South Co. for the Central Water
Integration Pipeline Project, Phase I Services pursuant to Tex. Gov’t. Code Sec. §551.071.

B. Consultation with attorneys and deliberation regarding the value of real property being an approximately 283.27 acre tract located at 16795 South U.S. Highway 281 in San Antonio, Bexar County, pursuant to Tex. Gov’t. Code §551.071 and §551.072.

C. Consultation with attorneys regarding legal matters related to contractor performance on the SAWS Brackish Groundwater Desalination Program pursuant to Tex. Gov’t. Code §551.071.

D. Consultation with attorneys regarding legal matters related to contractor performance on the C5 Culebra - Castroville to Laredo & C28 Zarzamora Creek - San Gabriel to NW 23rd St - Phase 1A Project pursuant to Tex. Gov’t. Code §551.071.

E. Consultation with attorneys regarding legal matters related to policies for workers compensation insurance pursuant to Tex. Gov’t. Code §551.071.

F. Deliberation regarding the employment, evaluation and duties of the President/Chief Executive Officer and consultation with attorneys regarding any related legal matters pursuant to Tex. Gov’t Code §551.074 and §551.071.

36. The Regular Session of the Regular Board Meeting of January 9, 2018, is hereby reconvened.

37. A Resolution approving the purchase agreement in the amount of $4,000,000.00 with 16795, Ltd. for the purchase by the City of San Antonio, acting by and through the San Antonio Water System, being approximately 283.27 acres located at 16795 South U.S. Highway 281, San Antonio, Texas in the southeast quadrant of Bexar County for the Mitchell Lake Wetlands Water Quality Treatment Project; authorizing the acquisition of the property in accordance with the terms of the purchase agreement; authorizing the expenditure of funds from the Project Fund in a total amount not to exceed $4,022,500.00 for the acquisition of the property and related closing and title insurance costs. (NANCY BELINSKY – BRUCE HABY)

38. Adjournment. THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES MEETING OF JANUARY 9, 2018, IS HEREBY ADJOURNED.
MEETING OF THE
SAN ANTONIO WATER SYSTEM
BOARD OF TRUSTEES
November 7, 2017, 9:00 A.M.
6th Floor Board Room #609
Administrative Offices
2800 U. S. Hwy 281 North, San Antonio, Texas 78212

Board Members Present:
Berto Guerra, Jr., Chairman
Ron Nirenberg, Mayor
Pat Jasso, Vice Chair
Ernesto Arrellano, Jr., Secretary
Louis E. Rowe, Assistant Secretary
Pat Merritt, Trustee
David P. McGee, Trustee

Board Members Absent:
None

1. MEETING CALLED TO ORDER.

The meeting of the San Antonio Water System Board of Trustees was held on November 7, 2017, and called to order at 9:10 a.m. by Chairman Berto Guerra.

2. Announcements.

A. The San Antonio Water System Board of Trustees will, during the Meeting, close the Meeting and hold an Executive Session pursuant to and in accordance with Chapter 551 of the Texas Open Meetings Act. The Board of Trustees may, at any time during the Meeting, close the Meeting and hold an Executive Session for consultation with its attorneys concerning any of the matters to be considered during the Meeting pursuant to Chapter 551 of the Texas Open Meetings Act.

3. Minutes.

A. Approval of the Minutes of the San Antonio Water System Board of Trustees Regular Board Meeting of September 13, 2017.
Chairman Guerra asked if there were any corrections to the minutes. Hearing none, he stated the minutes were approved as presented.


None

5. Public Comment.

Alan Montemayor commented on Item 30, the Utility Service Agreements and the burden to ratepayers to expand service to areas within the extraterritorial jurisdiction of the City of San Antonio. He commented on Item 34, the additional expenditures to Black & Veatch in support of the Vista Ridge Project, and asked the Board to exit the Vista Ridge Project for cause. He also discussed the affect rate increases had on the lowest socioeconomic people in San Antonio.

Terry Burns, chair of the Alamo Sierra Club, commented on the proposed rate adjustments and water delivery projects. He stated that virtually none of San Antonio's economic growth over the last decade or two had benefited the large part of community that was lower income, minority and living inside 410. Yet the cost of Vista Ridge, desalination and additional services to OCL areas were unfairly subsidized by these customers. He discussed the per capita a day assumptions for 2020 in the draft report that anticipated only a 30 percent improvement in conservation benefits by 2020 compared to the 50 percent reductions achieved in the previous 30 years. He stated SAWS should update the financial model, and he asked the Board and City Council to stop supporting the developers.

CONSENT AGENDA ITEMS

Items 6–26

ITEMS CONCERNING THE PURCHASE OF EQUIPMENT, MATERIALS AND SUPPLIES

6. A Resolution accepting recommendations regarding the contracting for certain services, equipment, materials and supplies, and authorizing the acceptance of bids as follows: (DOUG EVANSON – YVONNE TORRES)

A. Award of New One Time Purchases of Materials, Equipment and Services.

1. Approving a one-time purchase from Pozzi Enterprises, Inc. dba Border Construction Services to provide: ASR pipeline easement clearing segment 6, Bid No. 17-17098, for a total of $95,000.00.

2. Approving a one-time purchase from OI Corporation dba OI Analytical to provide: distillation and titration system with auto-sampler and carousel for the purpose of analyzing ammonia nitrogen in various matrices, Bid No. 17-17085, for a total of $82,484.00.

3. Approving a one-time purchase from Alterman, Inc. to provide: medium voltage SWGear motor control center, Bid No. 17-17090A, for a total of
4. Approving a one-time purchase from Horizon Technology, Inc. to provide: automated solid phase extractors for fats, oils, and grease, Bid No. 17-17100, for a total of $104,987.00.

5. Approving a one-time purchase from Dynamic Systems, Inc. to provide: extending the existing flush tank at Brackish Groundwater Desalination Facility, Bid No. 17-17103, for a total of $139,099.00.

6. Approving a one-time purchase from Halifax Security, Inc. dba North American Video to provide: security cameras, video recorders and accessories for maintenance, repair, replacement and improvement of existing equipment, Bid No. 17-16085, for a total of $57,870.00.

B. Award of New and Renewal Annual Goods & Services Requirement Contract and Maintenance Agreements. Estimated annual purchases are based on unit prices bid. Actual totals and quantities may vary from the estimate.


2. Acceptance of the bid of Aztec Fence & Ornamental Iron, LLC to provide: annual contract for fencing repair/relocation services for jobs under $3,000.00, Bid No. 17-2075, for a total of $196,000.00.

3. Acceptance of the bid of Southern Tire Mart, LLC to provide: annual contract for tires & tubes and repair services, Bid No. 17-3120A, for a total of $648,314.00.

4. Authorizing the extension of an existing contract of Affordable Custodial Supplies, Inc. to provide: annual contract for janitorial paper products, Bid No. 15-9055, for a total of $73,220.08.

5. Acceptance of the sole source bid of Innovyze, Inc. to provide: annual contract for Innovyze Informaster, InfoWater, H2O Map and Infoworks (water & sewer) annual subscription for maintenance and support, Bid No. 17-1343, for a total of $87,900.00.

CAPITAL IMPROVEMENT CONTRACTS
PROJECTS INVOLVING IMPROVEMENTS, EXTENSIONS AND ADDITIONAL CAPACITY

Water and Sewer Line Improvements

7. A Resolution awarding a construction contract to Pronto Sandblasting & Coating & Oil-Field Services Co., Inc. in an amount not to exceed $869,086.86 in connection with the DR 999-1002 Open Cut Package Project.

(ANDREA BEYMER – GAIL HAMRICK-PIGG)
8. A Resolution approving Change Order No. 3 in the amount of $167,607.52 to the construction contract with S.J. Louis Construction of Texas, Ltd. in connection with the C-12 Donaldson Terrace Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

9. A Resolution ratifying the actions of the Vice President of Engineering and Construction in approving Change Order No. 4 in an amount not to exceed $174,402.70 to the construction contract with Oscar Renda Contracting, Inc. in connection with the C5 Culebra – Castroville to Laredo and C28 Zarzamora Creek – San Gabriel to NW 23rd Street Phase 1B Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

10. A Resolution approving Recapitulation Change Order No. 2 in the decreased amount of $140,776.00 to be credited to the construction contract with Insituform Technologies, LLC in connection with the San Antonio River Outfall – Project 2A. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

11. A Resolution approving Recapitulation Change Order No. 9 in the decreased amount of $514,480.05 to be credited to the construction contract with Qro-Mex Construction Company, Inc. in connection with the Port San Antonio and Lackland Air Force Base Water Main Improvement Project; authorizing the return of funds in the amount of $514,480.05 and the construction contingency balance of $275,000.00 for a total amount of $789,480.05. (ANDREA BEYMER – MICHAEL MYERS)

12. A Resolution approving Recapitulation Change Order No. 12 in the decreased amount of $140,000.00 to be credited to the construction contract with Archer Western Construction, LLC in connection with the Naco Pump Station Improvements Project; authorizing the return of funds in the amount of $140,000.00 and the construction contingency balance of $635,523.16 for a total amount of $775,523.16. (ANDREA BEYMER – MICHAEL MYERS)

13. A Resolution awarding a professional services contract to Garver, LLC in an amount not to exceed $651,589.00 in connection with the Dos Rios Water Recycling Center Chlorine System Improvements Project. (ANDREA BEYMER – MICHAEL MYERS)

14. A Resolution approving Contract Amendment No. 2 in an amount not to exceed $75,000.00 to the professional services contract with Arcadis U.S., Inc. in connection with the Production Facilities Design Engineering Work Order Contract. (ANDREA BEYMER – MICHAEL MYERS)

REPLACEMENT AND ADJUSTMENT PROJECTS

Governmental Relocations and Replacements

15. A Resolution approving the expenditure of funds in the amount of $92,057.50 for the adjustment of water, sewer and recycled water facilities by the City of San Antonio in connection with the Floyd Curl Green Street Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)
16. A Resolution approving the expenditure of funds in the amount of $1,860,375.66 for replacement of water and sewer facilities by the City of San Antonio in connection with the Lamar Street Reconstruction from Austin St. to N. New Braunfels Ave Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

17. A Resolution authorizing the expenditure of funds in the amount of $130,400.00 to the City of San Antonio for the Tree Mitigation Permit Fee in connection with the Lift Station 225 and 267 Elimination Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

EASEMENT AND REAL PROPERTY

18. A Resolution declaring a public necessity for public use, the acquisition of certain real property in the City of San Antonio located at 139 Springfield Road, San Antonio, Texas, 78219 in the northeast quadrant of Bexar County for the construction of an elevated water storage tank for Pressure Zone 828; for the public use of the expansion and operation of the System through the construction of an elevated storage tank; requesting that the City Council of the City of San Antonio adopt an ordinance reaffirming and declaring that the project is for a public use and a public necessity exists for the acquisition of the property by negotiation and/or condemnation. Project located in NCB: 10611. (NANCY BELINSKY – BRUCE HABY)

19. A Resolution declaring a public necessity for public use, the acquisition of certain real property in the City of San Antonio being permanent and temporary sewer easements, the project consisting of approximately 1,985 feet of sewer main along Martinez Creek starting at Perez Street, going north and terminating at West Huisache Ave, of Bexar County, Texas, for the public use of the expansion and operation of the System through the construction of Martinez Creek Project; requesting that the City Council of the City of San Antonio adopt an ordinance reaffirming and declaring that the project is for a public use and a public necessity exists for the acquisition of the easements and authorizing the system to take all appropriate action to acquire the easements by negotiation and/or condemnation. Project located in NCB: 2185, 2175, 2150, 2120, 2149, 6609, 2023. (NANCY BELINSKY – BRUCE HABY)

MISCELLANEOUS ITEMS

20. A Resolution awarding a service contract to ILI INFODISK, INC. dba SAI Global in an amount not to exceed $56,488.00 for a one year period with two optional one-year extensions in connection with Standards Management Solution Software as a Service. (ANDREA BEYMER – JOE CARRENO)

21. A Resolution approving a Joint Funding Agreement with the United States Geological Survey in an amount not to exceed $482,348.00 for a period ending December 31, 2018 in connection with the monitoring and studying groundwater water quality, surface/recharge water quality, and hydrogeologic studies of the Edwards Aquifer and System’s water resources projects. (STEVE CLOUSE – SCOTT HALTY)
22. A Resolution approving a Joint Funding Agreement with the United States Geological Survey in an amount not to exceed $80,500.00 for the period ending December 31, 2018 in connection with measuring inputs and outputs of the Medina Surface Water and Groundwater System. (DONOVAN BURTON – DARREN THOMPSON)

23. A Resolution authorizing expenditures in an amount not to exceed $742,208.72 for Fiscal Year 2018 true up costs and for the second year of a three-year agreement with SHI Software for a Microsoft Enterprise Agreement and add-on software products. (DOUG EVANSON – SREE PULAPAKA)


25. A Resolution approving a Release and Settlement Agreement with the Witte Museum in the total amount of $180,000.00 in connection with work performed by or for the System since January 7, 2011 on infrastructure or near the Witte Museum. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

26. A Resolution approving a settlement agreement with WW Foundation Drilling, Ltd and Hill Country Bridge, Inc., in the total amount of $62,000.00 in connection with the lawsuit for damages caused to a water main near the Olmos Basin Golf Course in San Antonio, Texas. (NANCY BELINSKY)

Chairman Guerra asked if there were any items in the Consent Agenda that should be pulled for individual discussion or consideration.

Mr. McGee made a motion to approve the Consent Agenda Items, Nos. 6 – 26. Ms. Jasso seconded the motion.

Consent Agenda Items, Nos. 6 – 26, were unanimously approved. Verbal voting.

27. PUBLIC HEARING: 2018 ANNUAL BUDGET

A. Public Hearing Briefing (DOUG EVANSON – MARY BAILEY)

B. Public Hearing on the Following Items:

1. Annual Budget for the San Antonio Water System for the Fiscal Year ending December 31, 2018

2. Necessity for adjustments to the San Antonio Water System’s Water Delivery, Water Supply Fee, Wastewater and Recycled Water Rates effective January 1, 2018 and January 1, 2019

Doug Evanson present the proposed 2018 Budget and 2018 and 2019 Rate Adjustments. He outlined the requested action for the proposed fiscal year 2018 budget, the 2018 owner
controlled construction changes to support the Capital Improvement Program (CIP) as well as the submission of the proposed 2018 and 2019 rate adjustment request to City Council for their consideration. Staff would recommend that City Council adopt 2018 rate changes with an average residential rate impact of approximately 5.8 percent, and 2019 rate changes with an average residential rate impact of 4.7 percent. There were also some miscellaneous fees changes that totaled about $580,000 of additional revenues and other changes to clean up City Code, Chapter 34 that were recommended by staff.

He gave a brief review of SAWS rate structure as well as the last Cost of Service and Rate Design Analysis. This was in response to questions asked by various council members as well as the fact that it had been brought up in various articles appearing in the newspaper and in conversations in general. The last Cost of Service and Rate Design Analysis was conducted by Black & Veatch as the consultant in 2014 and 2015. The review was conducted well over a year with the date of the final report being May 2015 and the results of the study were in January 2016. As part of that process, a 17-member Rates Advisory Committee was formulated to assist in the evaluation and recommendation process. One of the first tasks assigned to this committee, which consisted of ten members nominated by City Council and seven other representatives, was to prioritize ten rate study priorities that were sometimes competing priorities. The three priorities that the committee identified as essential were financial sufficiency, cost of service based allocations, and revenue and rate stability. The committee wanted the rates to be set to recover the full cost of service operations and provide necessary funds of capital project, the costs to be recovered from customers and customer classes in direct proportion to the cost providing the service for those classes, and revenues and rates to be predictable and stable.

SAWS had four different businesses or business segments. The first two of these business segments, Water Delivery and Water Supply, were responsible for obtaining and distributing the water needed to help the community survive and flourish. These two business segments combined had total operating revenues in 2016 of approximately $375 million. Wastewater was another core business segment with total 2016 operating revenues of approximately $235 million. The Chilled Water business had revenues of about $11.5 million in 2016.

The Water Supply core business included multiple components in water supply operating revenues. The first and largest component was the Water Supply Fee, which provided $132.6 million in revenue in 2016. Next was the Edwards Aquifer Authority (EAA) Fee, which SAWS collects as a pass through before remittance to the EAA. Conservation represented a portion of the meter charge from both residential and general class customers that went toward funding of SAWS conservation programs. The general class was about 80 percent of that cost. The next charge collected by SAWS was for Recycled Water. Stormwater Pass Through represented the portion of SAWS expenses that were reimbursed by City of San Antonio for SAWS services related to the City's stormwater program. Operating Transfer were costs within the Water Delivery business at the formation when the Water Supply business was formed, and Water Delivery consistently transferred $5.6 million to Water Supply on an annual basis probably since 2001. Finally, other Miscellaneous things were netted by other flexible accounts. The first three were the segments that really applied to the volumetric usage of customers. He reviewed the top three segments by class and by cost per 1,000 gallons. In 2016, almost $89.8 million in revenues were out of the total of $168.7 million or 53 percent of the combined fees and 35.4 billion gallons or 55 percent of
the total potable water used. Also in 2016, residential class customers paid $2.54 per 1,000 gallons, general class paid $2.53 per 1,000 gallons, and irrigation class paid $4.16 per 1,000 gallons. Irrigation class was primarily business class irrigation or general class irrigation. Ninety-seven percent of irrigation class volumes and revenues were generated through or associated with general class customer accounts. If the irrigation class charges were pro rata to general class and residential class, the revenues and volumes would spread irrigation class between general and residential class. The change to the average cost was general class paid $2.76 per 1,000 gallons including irrigation, while residential class paid $2.55. General class, including the pro rata share of irrigation, paid a higher Water Supply Fee than the residential class. In summary the residential class used 55 percent of the water, commercial class used about 38 percent of the water, and irrigation class used 6.4 percent of the water. Potable water sales in dollar was roughly $356 million, which the residential class paid 53.9 percent of the total sales. Each class of customers paid their fair share with irrigation class being the one that did not pay a premium. He compared the classes similarly with the Water Supply and Water Delivery combined. Again, the cost per 1,000 gallons in total for both Water Supply and Water Delivery for the general class, including irrigation, did exceed that of the residential class.

For the Wastewater core business, it was based upon cost of service. In the Cost of Service Study, it was determined 59.3 percent of wastewater cost was attributable to residential class. He explained the cost of service to supply the same amount of service to one customer versus 500,000 customers. The customer service function was a portion the cost of service and the bulk of that would be allocated to the residential class because they used most of that service. The residential class used 53.7 percent of the wastewater sales or the flow was attributable to the residential class. However, when the wastewater sales were converted to dollars, the residential class did not quite cover the 59.3 percent. In 2016, the residential class paid 58.5 percent of the revenue sales dollars. This would result in the residential class paying a higher cost per 1,000 gallons for wastewater compared to the commercial class. He discussed the wastewater rate structure for Dallas as a comparison.

He stated the timeline for the next rate study according to best industry practices was every three to five years. There had been a lot of questions raised with respect to the rate study. The Rates Advisory Committee was formulated to try to get some representation of the objectives of the Board, of City Council and of the community. One of the committee’s primary principles to focus on was the cost of service. The last study was completed in May 2015 with implementation on January 1, 2016. The plan was to issue an RFP for a rate plan consultant in 2018, and another Rates Advisory Committee may need to be identified.

The proposed 2018 Annual Budget totaled $781.8 million. At the rates currently in place, about $660 million of revenues would be generated from customers during 2018. Last year $652 million was budgeted. With customer growth and existing rates, it was projected that about $660 million would be generated at today's rate. Because SAWS relied solely on revenues from its customers for services provided, the only organic growth in revenue would come from customer growth, plus or minus changes in usage per customer. As shown in the past, customer usage had been on a decline due to conservation efforts. Customers were expected to increase roughly 1.6 percent in 2018 and total water sales was only expected to increase .9 percent. Customers were expected to continue to drive down their usage, and revenues, as a result of those increased volumes sold, were projected to generate an increase
of about 1.2 percent of organic revenue growth. The proposed rate adjustments were projected to generate another $36.3 million. Non-operating revenues and draw on equity were about $12.7 million, and impact fees collected from new development would contribute almost $73 million in 2018. Under the Uses of Funds, O&M made up almost $340 million or 44 percent. Debt related payments were projected to be $236 million or 30 percent. The transfer to the City was projected at 2.7 percent of revenues or a little more than $18 million. The amount transferred to the Renewal & Replacement Fund would fund future capital improvements.

He reviewed the proposed 2018 Capital Improvement Program of $391.4 million. The wastewater system improvements made up the largest slice of the pie at $147 million due to the Consent Decree. Next was the improvements at production and treatment facilities in order to ensure reliability of water service at $97.1 million. Water main replacements were $41 million to reduce leaks and ensure reliability, and another $46 million would be spent replacing both water and sewer mains in connection with City, County, and TxDOT capital improvements. The funding was projected to be about 69 percent with debt finance and the remaining 31 percent with cash finance. With the large Consent Decree requirements, it was going to difficult to achieve the 50 percent preferred debt and cash financing in the short term. Over the entirety of the five-year program, it was anticipated to get up around 40 percent. The owner controlled construction changes would provide funding of certain changes that need to come through with a large capital improvement program. Unused amount would be returned at the end of the year.

He discussed the proposed rate adjustments of 5.8 percent for 2018 and 4.7 percent in 2019. The rate adjustment in 2018 was entirely driven by the capital program of $391.4 million. Within 2019, the capital program was the driver for basically two-thirds of the 4.7 percent adjustment with the other third to have some monies established for automated metering and to establish the Vista Ridge operating reserve. In 2017, the average residential customer bill was $62.24. It was projected to be $65.69 in 2018, and $68.63 in 2019. SAWS average residential customer bill of $65.69 was very competitive with other major Texas cities. He reviewed the rate projections for 2020, 2021 and 2022. One of the objectives in 2020 with the onset or beginning of the Vista Ridge water supply, the projected rate adjustment of 12.4 percent would be needed with more than 9 percent of that going toward the Water Supply core business. Staff would continue to focus on strategies that would drive down the need for that rate request. The projections in 2021 were at about 7 percent and about 3.5 percent in 2022.

The projected rate adjustments provided challenges to a number of individuals within the community. Staff had ramped up efforts with respect to identifying and enrolling new participants into the affordability programs. Gavino Ramos and his team have done an outstanding job raising the number of enrollees from 17,000 within the Affordability Discount Program to more than 25,000. There was a lot of City Council interest in continuing to initiate additional efforts to identify participants and to identify the population of potential participants that might be eligible for these types of programs. There was $4.3 million budgeted in 2018 for the Affordability Discount Program and $6 million in 2019.

The rate request did go through a review by the Public Utilities Office. The Public Utilities Office supported both the 2018 and 2019 rate request. They did recommend that staff report
SAWS had requested numerous rate adjustments over the last several years, and staff had minimized the rate request to the maximum extent possible. Black & Veatch conducts a rate survey of the 50 largest cities in the United States every few years. He compared the rate surveys in 2005 and 2016 and the cost per 7,500 gallons of water and 7,500 gallons of sewer. This was then compared for all 50 cities across the country. In 2005, SAWS average residential bill for a customer that used 7,500 gallons of both water and wastewater service was $41.59. At that time, the national average of the 50 largest cities in the United States for that same amount of usage was $45.67. SAWS was about 9 percent less than the national average in 2005. SAWS bill in 2016 was $65.14 for that level of usage and the national average for those 50 cities was at $91.46. Staff continued to strive to do everything to keep rates down. The rate surveys also compared the average compound growth rate of the lowest five cities, Chicago, Memphis, Omaha, and Phoenix, and Wichita. Fast forward to 2016, all of the cities had increased significantly when necessary investments were not made, it could catch up in the long-run. SAWS compound annual growth rate of around 6 percent over that time compared quite fairly to those cities that were about 8 to 10 percent.

He reviewed the staff recommendations for approval. Staff recommended the approval of the 2018 Annual Budget, the owner controlled construction changes in the amount of $9.8 million, the request to recommend that City Council adopt the 2018 rate change with average impact of 5.8 percent and the 2019 rate change with average impact of 4.7 percent, miscellaneous fee changes, and the other changes to clean up City Code, Chapter 34.

28. Public Comment.

Chairman Guerra stated there were no individuals signed up for Public Comment. He called for a motion on Item 29.

ITEMS FOR INDIVIDUAL CONSIDERATION

29. A Resolution approving the annual budget for the San Antonio Water System for the Fiscal Year ending December 31, 2018; authorizing expenditures in an amount not to exceed $9,809,478.00 for the owner controlled construction changes for the fiscal year ending December 31, 2018, approving adjustments to all water delivery, water supply fee, wastewater and recycled water rates and other special services fees effective January 1, 2018 necessary to support the approved annual budget for the fiscal year
ending December 31, 2018; and approving adjustments to all water delivery, water supply fee, wastewater and recycled water rates effective January 1, 2019 necessary to support the projected revenue requirements for the fiscal year ending December 31, 2019. (DOUG EVANSON – MARY BAILEY)

Mr. Rowe made a motion to approve Item 29. Ms. Jasso seconded the motion.

Mr. McGee inquired about measures that showed what SAWS had done to reduce CIP costs and thus keep rates down. Mr. Evanson stated the CIP costs were the biggest driver of the rate request. Staff continued to prioritize projects in a rational fashion, whereby not to kick the can down the road. He discussed the process staff went through to develop the CIP. Steve Clouse added that as time went on and the system got bigger and older and more complex, it was a big challenge year after year to manage costs. The Consent Decree was the biggest driver in capital cost, and teams of SAWS engineers and teams of external engineers looked at all options to be more efficient. If all the engineers were surveyed, they would agree that more money needed to be spent on the water side of the system. Tools were available to effectively address pipe replacement at the right time by doing a true analytical work on the pipe to determine remaining life. There were a multitude things that staff had done to make sure that the requested money was absolutely what had to be done. Donovan Burton added that staff held a budget summit to discuss every single line item.

Mr. McGee responded that was something he expected. SAWS owed it to the ratepayers of San Antonio to look really hard at every single line item to lower the rate increase. He commented on when water in San Antonio was basically free. SAWS had to accommodate regulatory change, which was for the benefit of the entire community and drove costs up as well. He asked for specifics as to what SAWS was doing to keep rates as low as possible. Mr. Evanson referred to a back-up slide that presented the metric relative to customer to employee ratios. Personnel was by far the biggest O&M cost of more than 50 percent, and one that staff had some control over. A Position Authorization & Review Committee was established to determine whether or not a position would be filled. He discussed how this could be measured in the customer to employee ratio.

Mr. McGee inquired about the funding over the CIP with cash and bond financing, and whether more was funded on bonds to defray as much cost and an annual rate increase in 2019 and 2020. Mr. Evanson confirmed and stated that potentially more could be funded with cash in 2018. He discussed one of the key financial metrics with the rating agencies, which was days cash on hand, and how to prepare for a major event like Hurricane Harvey and the discontinuance of service. As operating costs go up in 2020 with the advent of Vista Ridge, this metric would be negatively impacted. Staff was trying to hold some cash for 2020 to both cash fund the higher proportion of the CIP in 2020 and potentially drive down the rate adjustment as well as to have this metric be at a higher level in 2020.

Ms. Jasso inquired about a stat for the Affordability Program that showed improvement in every district. Mr. Evanson replied that the program had grown about 50 percent from 17,000 to over 25,000 participants. Mr. Ramos added that this was done over approximately two years.

Ms. Jasso inquired about the current outreach. Mr. Ramos responded that staff was trying to
be more proactive. Staff was trying to get out and do more events rather than put the onus on the customer to come looking for assistance. He stated he had the numbers by district and would add that information for City Council.

Ms. Merritt asked for clarification between the water main replacement and new mains as part of the CIP. Mr. Evanson replied that water main replacement would be existing water mains that would be replaced, and new mains would be added to accommodate growth.

Mr. Arrellano inquired about the re-establishment of a capital project priority ranking process. Mr. Clouse replied that staff went through a fairly regimented process to look at the potential of a failure, the impact of a failure, and a whole series of numerical assignments, to rank projects based on the likelihood of a failure and the impact of the community. This year, staff based the projects on greatest need. With the Consent Decree, that process was a little more convoluted.

Mr. Arrellano asked when the Consent Decree expired. Mr. Clouse replied that the program was set to be completed in 2023. SAWS had the ability to extend it two additional years based on some real estate issues.

Mr. Arrellano inquired about the effect the Consent Decree had on the rate increase and future rate increases. Mr. Evanson responded that the 20-year financial model had gone down into the two to three percent range after 2022 and beyond. The water supply needs would virtually be met once Vista Ridge was online.

Mayor Nirenberg commented on SAWS and the City working together to decrease the eligible population in Project Agua so people could afford water rates. SAWS had to be very judicious in the way rates were increased. One of the reasons he pushed for the additional capital spending on the water supply side was that SAWS could not continue to allow folks to earn political capital by giving future generations IOUs on a debt that would accumulate by deferred maintenance. The original rate increase was going to be 5.3 percent, and he asked to move it to 5.8 percent to show where SAWS was on rate of replacement. The sewer system already suffered the consequences of not doing it right the first time. SAWS was under essentially a court order to replace the sewer system, and SAWS had and would continue to do a good job. He did not want to end up in the same situation with the water side. He asked for a comparison on the water infrastructure maintenance compared to best practices for the industry. Mr. Clouse discussed the metrics from the American Society of Civil Engineers that recommends for replacement rates for water and wastewater pipes. In general, the recommended replacement rate was 1.0 percent for every 100 miles of pipe. On the wastewater side through the efforts of the Consent Decree, SAWS was now meeting that 1.0 target. On the water side, SAWS was at .5 percent, which was probably at or below average compared to other utilities. He discussed some of the projects that were added to the CIP with the additional money that needed to be done.

Mayor Nirenberg commented on the five cities that had the lowest rates and the amount of increase those cities had over the years. He did not want to benchmark SAWS against cities that had not shown themselves to do it the right way. He stated he would like SAWS to get to the industry standard. He asked where SAWS would be in relation to the industry standard based on the increase for the replacements on the water delivery and water supply side for
2018 and 2019 and the out year projections. Mr. Clouse stated he did not know if SAWS needed to hit the industry recommendation, or if that was right for San Antonio. He explained that when pipes fail over time, there were a multitude of reasons. The biggest problem in San Antonio was expansive soil and movement of soil that broke pipes up over time. A huge benefit was the chemical make-up of the water distributed. Any other type of water that SAWS distributes was treated chemically to match Edwards water. The problems in Flint, Michigan were not a problem of water quality as it was put in from the plant. That water was aggressive water and the chemical problems formed were a result of the water attacking the pipes, leaching lead out of the pipes. San Antonio did not have that issue. The layer of calcium and mineralization build up actually helped to preserve and protect the system. SAWS had the obligation to use those tools to assess pipes using newer technologies that were available to show where money should be spent most efficiently. He could not say that a 1.0 replacement rate would be appropriate for San Antonio overall.

Mayor Nirenberg asked where the average rate of replacement annually should be for SAWS. Mr. Clouse replied the rate would be dropping below a .5, and with the additional money it would be back up getting closer to a .5. He was reluctant to speculate, but assumed that at .8 or something along those lines would probably provide the reliability expected. SAWS would be in a much better position to focus on effective use of the money, not just replacing based on age or some general industry standard.

Mayor Nirenberg stated he would like to dig into that a little bit more. It would be helpful if data was available in terms of long-term rate projections. He did not want to defer larger rate increases of the same kind that were seen from sewer system overflows because we don't want to have a conversation with our residents. Mr. Clouse agreed. If SAWS were going to make the big leap to get to 1.0, another $91 million would be needed. Again, staff wanted to do more assessment and come back to the Board with an analytical result, not just a general rule of thumb.

Mayor Nirenberg commented on not wanting to continue to kick the can down the road and the decision to increase the rate adjustment from 5.3 to 5.8. He stated he was not a fan of rate increases, but supported that the system had to be maintained. If there were analytics coming back that said SAWS was not doing enough to take care of the system then that conversation needed to be had sooner than later and not wait for the hand to come down.

Chairman Guerra inquired about the comparison of the number of employees and rates SAWS had to Dallas. Mr. Evanson replied that Dallas was a big wholesale water provider so they get penalized to some degree by this ratio. Dallas provided a lot of water and had a lot more suburban communities. Each community represented one customer. He stated that was why Dallas' numbers were low from a customer to employee ratio, yet their rates were very competitive.

Chairman Guerra asked if Dallas had kicked the can down the road. Mr. Evanson responded that Dallas had some water supply issues based on their official statements that were online. The statements referenced the need for additional water supply in the mid 2020's.

Chairman Guerra inquired about SAWS water composition and whether the buildup could clog the pipe over time. Mr. Clouse stated it could, but in very limited applications. This
was usually seen the most when there was a pressure drop, but not in pipes six inches and larger.

Chairman Guerra commented on the Mayor’s proposal to increase the rate adjustment from 5.3 to 5.8 and to not wait for problems to occur. Mr. Clouse discussed his involvement in the wastewater program back in the early 90’s. Essentially, the goal was to not have any rate increases of any kind for the wastewater system for a five-year period. That goal was achieved and wastewater rates were not raised for nine years. Maintenance was a perpetual task, and he would never recommend that goal today. Chairman Guerra commented on the rate increases that had occurred since 2011 and he was chairman. He asked staff to bring information back to the Board regarding how the rates had been increased and what was done to improve the system for a better and more balanced city. He stated to the Board, staff, and City Council that the City had moved forward in a positive way and still kept rates affordable.

After no further discussion, Item 29 was unanimously approved. Electronic voting.

CAPITAL IMPROVEMENT CONTRACTS

PROJECTS INVOLVING IMPROVEMENTS, EXTENSIONS AND ADDITIONAL CAPACITY

Developer Customer Contracts

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<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Developer</th>
<th>Acres</th>
<th>WDUs</th>
<th>WW EDUs</th>
<th>CoSA/CoSA ETJ/Outside</th>
<th>EARZ/CZ</th>
<th>Board</th>
<th>Reason</th>
<th>W CCN</th>
<th>WW CCN</th>
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<tr>
<td>1</td>
<td>Westlakes 1604 Tract</td>
<td>Pulte Homes of Texas, LP</td>
<td>493.7</td>
<td>1,450</td>
<td>1,450</td>
<td>COSA ETJ</td>
<td>OUTSIDE</td>
<td>OVR</td>
<td>INSIDE</td>
<td>INSIDE</td>
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Tracey Lehmann presented Item 30, approval of a Utility Service Agreement (USA) for the Westlakes 1604 Tract. The tract was approximately 500-acres and located in far west Bexar County. It was both a residential and commercial tract, with the majority being residential. The developer was requesting 1,450 equivalent dwelling units (EDU) for water and sewer. The tract was located on the outside of Loop 1604 on the west side and south of Highway 90. This tract did fall within the San Antonio ETJ and within SAWS water and wastewater CCNs. The tract was coming to the Board for consideration because there was oversizing for water infrastructure included in the USA. Oversizing was to coordinate with the SAWS Water Master Plan and the long-term integration of the BexarMet Water System as well as to extend infrastructure further west outside of Loop 1604. The project was included in the impact fee calculations; therefore, the developer's participation in this project would be eligible for impact fee credits. The project consisted of oversizing approximately 30,000 feet of water main. The majority of the infrastructure was a 24-inch water main and the
remaining oversizing would be 16-inch water main. He reviewed project maps and proposed infrastructure options for the tract. There was no oversizing requirement for the sewer mains.

Several years ago, the City of San Antonio, SAWS and the development community participated in the construction of the Medina River Sewer Outfall that extended from the Dos Rios Water Treatment Plant along the south and west side of Bexar County and moved up to Highway 90. This tract was within the upper reaches of that sewer outfall and would connect to a 16-inch main with sufficient capacity. Staff recommended the approval of the USA for the Westlakes 1604 Tract, which included oversizing for the 24-inch and 16-inch water main as well as impact fee reimbursement to the developer.

Mr. Arrellano made a motion to approve Item 30. Ms. Merritt seconded the motion.

Mayor Nirenberg stated the USAs always deserved some scrutiny because these essentially extend the service area but also contribute to the growth of the city. He inquired about SAWS obligation with regard to USAs inside and outside of the CCN. Ms. Belinsky responded the CCN set forth the geographic area in which SAWS was obligated to serve and was a policy decision made some time ago. Texas Commission on Environmental Quality was the regulatory body that approved the CCN, and SAWS was obligated to serve within the CCN.

If SAWS failed to serve in that area, there was a potential for fines and penalties and a potential for somebody else to come in and serve that area. SAWS does set forth the requirements for service in the Utility Service Regulations. Any applicant for service in that area must comply with those obligations in order for SAWS to serve. This item was coming to the Board because SAWS had discretion in choosing to oversize. The decision to oversize the pipes in this area was good prudent practice for the anticipated development in that area.

Mayor Nirenberg commented on his concern for this particular area of town because the city was looking for every possible way to help protect the Lackland area. He asked about the obligation to the Board’s timelines of the action on this item. Ms. Belinsky replied that SAWS had a reasonable period of time to fulfill the obligation. She did not know how long this particular item had been pending internally. Of course, the Board had the ability to make decisions, and if more information was needed that would still be considered within a reasonable period of time. There was no statutory timeframe.

Mayor Nirenberg asked if SAWS made routine communications with Joint Base San Antonio or with the City of San Antonio as to any USA requests. Mr. Lehmann replied no. Mayor Nirenberg asked that any USA within the five-mile buffer of any of the Joint Base facilities go in consultation with the City’s Office of Military Affairs for conversation to make sure everything was done to manage the growth in and around the bases.

Chairman Guerra inquired about what happened when SAWS doesn’t serve or oversize the pipes. Ms. Belinsky responded there was an advantage of SAWS being involved in the process at the front end because requiring certain standards for the construction of the infrastructure would make sure that the infrastructure was built right the first time. In the event SAWS had to step in and take over such as in the case of Alamo Ranch, the infrastructure was typically not to the quality or standards that SAWS would have originally required.

Chairman Guerra asked if SAWS ended up buying trouble or problems down the road when
the infrastructure was not built to SAWS specifications. Ms. Belinsky stated that typically SAWS did not buy the infrastructure, SAWS would end up having to take it over. The experiences in the past were the infrastructure was failing, service was not being provided to the citizens, there were typically health and safety concerns, the regulator required a reputable well-operated utility to come in and take over to ensure there was good service.

Mr. Lehmann stated that two things could happen. Either the developer created their own isolated system if SAWS did not participate and the tract was released from SAWS CCN. The developer would develop their own systems, wells and pumps. In many cases, SAWS would come in and take over those failing facilities in the future. The other opportunity was if SAWS did not participate with the oversize, then the developer would go ahead and extend the 12-inch main all along the route. SAWS would come back in the future when additional capacity was needed and put in redundant infrastructure within a tight right-of-way or limited easement. It was a cost savings for SAWS as well as the developer to participate in oversizing projects.

Chairman Guerra asked Mayor Nirenberg if he preferred delaying action or moving forward with the item. Mayor Nirenberg responded that he was good with moving forward, but staff needed to establish a formal procedure to coordinate with the Office of Military Affairs for USAS inside the five-mile buffer designated by Joint Base San Antonio for growth management. Mr. Puente stated that staff had already added the no-fly zone as part of the USA, and staff would incorporate the additional request.

Ms. Jasso asked if the oversizing and upgrades was because the area was originally part of the old BexarMet pressure zones. Mr. Lehmann confirmed.

Mr. Puente affirmed that staff communicated to the Board if a tracts was in the no-fly zone. There was no indication here because the tract was not over a no-fly zone. The outreach that the Mayor requested would be made part of future USAs.

After no further discussion, Item 30 was unanimously approved. Electronic voting.

Water and Sewer Line Improvements

31. A Resolution awarding a construction contract to Pronto Sandblasting & Coating & Oil-Field Services Co., Inc. in an amount not to exceed $1,498,810.56 in connection with the DR 999-1002 Rehabilitation Package Project.

(ANDREA BEYMER – GAIL HAMRICK-PIGG)

Gail Hamrick-Pigg presented Item 31, the award of a construction contract for the DR 999-1002 Rehabilitation Package Project. The project was part of the EPA Consent Decree to fix capacity constraints and address the condition of small diameter mains. The project would rehabilitate approximately 9,400 feet of 8-inch to 18-inch sewer main with trenchless technology at miscellaneous locations throughout San Antonio. The construction duration was 180 days. The breakdown for the work was 2,800 feet approximately of cured-in-place pipe method and then 6,500 feet of pipe bursting.

Bids were opened on October 11, and five bids were received that ranged from $1.5 to $2.5
The low bid was received from Pronto Sandblasting & Coating & Oil-Field Services Co., Inc. in the amount of $1,498,810.56. The bid represented a 14.7 percent decrease from the engineer's estimated construction cost, and the total SMWVB participation was 47.29 percent. Staff recommended the award of the construction contract to Pronto Sandblasting & Coating & Oil-Field Services Co., Inc. and approval of funds in the amount of $1,498,810.56 for the construction contract.

Mr. Rowe made a motion to approve Item 31. Ms. Jasso seconded the motion.

Ms. Jasso inquired about the length of time for the project and whether the locations would be concurrent or one after the other. Ms. Hamrick-Pigg stated the project was scheduled for 180 days, and the contract identified project locations so the contractor would have to finish the work in one area before moving to the other areas.

Mr. Arrellano inquired about contingency fees related to the project. Ms. Hamrick-Pigg replied there were not any contingency fee attached. There was a separate fund in case there were changes orders on the projects. Staff did meet with the contractor and talked to the contractor about the price. The contractor stated he would be able to self-perform a lot of the pipe bursting work and the mill and overlays, and he owned bypass pumping equipment. This was the contractor’s rationale for why his bid was lower. Mr. Arrellano stated he liked the fact that there are no contingency fees and wanted to make sure there would be no change order requests.

After no further discussion, Item 31 was unanimously approved. Electronic voting. Mayor Nirenberg and Mr. McGee were not present for the vote on Item 31.

32. A Resolution awarding a construction contract to Texas Pride Utilities, LLC in the amount not to exceed $5,086,829.00 in connection with the Central Sewershed Package 3 Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

Ms. Hamrick-Pigg presented Item 32, the award of a construction contract for the Central Sewershed Package 3 Project. The project was part of the Consent Decree and addressed small diameter sewer main rehabilitation. The project would rehabilitate 5.3 miles of 8-inch to 20-inch mains and would use trenchless method. The work was located in the central sewershed, which was the Olmos Watershed Basin, and was primarily residential area. She reviewed a map of the project locations. There was roughly 30 miles of pipeline that had been identified to be rehabilitated based on condition. This project along with other construction underway would complete 12 percent of the 30 miles of pipeline that needed rehabilitation. The Board awarded a contract for Central Sewershed Project 2 in May, and the Central Sewershed Package 4 would be on the agenda next month for the Board’s consideration. There were two additional central packages in design, and there would be more packages formed to complete the 30 miles.

The project was 5,700 feet of 8-inch to 20-inch cured-in-place and 22,000 feet of 8-inch to 20-inch by pipe bursting method. The construction duration was 500 days. Bids were opened on October 2, which was the first project of this type that opened after Hurricane Harvey. Staff really did not know what to expect. Staff had received information from pipe manufacturers that costs were going to go up, and contractor availability was a concern. Four
bids were received, and Texas Pride Utilities, LLC had the low bid amount of $5,086,829.00. The bid represented a 16.4 percent decrease from the engineer's estimated construction cost. Bain Medina Bain had increase the engineer's estimate based upon what they thought might happen as a result of Hurricane Harvey. If the engineer’s estimated had not been increased, the bid would have been within 4 percent. There was a total SMWVB of 14.7 percent. Staff recommended the award of a construction contract to Texas Pride Utilities, LLC and approval of funds in the amount of $5,086,829.00 for the construction contract.

Mr. Arrellano made a motion to approve Item 32. Ms. Merritt seconded the motion. Mr. Rowe inquired about how the problems were identified and whether all of those areas would be fixed. Ms. Hamrick-Pigg responded that closed circuit TV was used. Pipes were rated A through E condition and the pipelines identified for this contract were rated E condition pipes. Adjacent pipe segments had different conditions.

After no further discussion, Item 32 was unanimously approved. Electronic voting. Mr. McGee was not present for the vote on Item 32.

Production, Transmission and Treatment Improvements

33. A Resolution awarding a construction contract to Facilities Rehabilitation, Inc., in the amount not to exceed $1,101,078.00 in connection with the Encino Pump Station Water Main Project and Facility 63 Fuel Line Project.

(ANDREA BEYMER – MICHAEL MYERS)

Mike Myers presented Item 33, the award of a construction contract for the Encino Pump Station Water Main Project and Facility 63 Fuel Line Project. He discussed an aerial photo of the project located north of Loop 1604 adjacent to Hwy 281. The existing approach main was a 12-inch main installed in the 1980's by the developer. The project would increase the size of this main to provide additional capacity and better fire protection for the area. During the project, the 12-inch approach main would be replaced with a 24-inch main. A new tank connection would be made, the control valve assembly would be replaced, the gas chlorine system would be updated, the level controls in the tank would be replaced, and other related work including SCADA. The Facility 63 Fuel Line Project was also in the Loop 1604 area near Blanco Road. The EAA required dual containment fuel lines, so this work would meet the requirements. The existing double wall fuel tank would be relocated, a new concrete pad and containment area would be added, the diesel fuel supply and return lines for the fuel tank to generator would be replaced, and some other related work.

He reviewed the bids received on the projects. The water main was bid in July, and the one bidder was not responsive. The water main was rebid, and the fuel project was added to the bid package. The fuel project had already bid and no bid was received. By combining the projects in the same area, two bids were received. The bids were 16.9 percent above the engineer's estimate because the project was not just a water main. Most contractors did one or the other, but this was kind of a dual function. The fuel lines were added as a specialty and required certain certification. The total SMWVB participation was 85.29 percent. The construction duration was 180 days, and the design engineer was Arcadis. Staff recommended the award of a construction contract to Facilities Rehabilitation, Inc. and
approval of an amount not to exceed $1,101,078.00 for the construction contract.

Mr. Arrellano made a motion to approve Item 33. Ms. Merritt seconded the motion.

After no further discussion, Item 33 was unanimously approved. Electronic voting. Mr. McGee was not present for the vote on Item 33.

34. Briefing and deliberation regarding the Vista Ridge Project and a Resolution approving Contract Amendment No. 1 in an amount not to exceed $5,543,511.00 to the professional services contract with Black & Veatch Corporation in connection with the Central Water Integration Pipeline Project, Owner’s Representative Services. 

(DONOVAN BURTON – LINDA BEVIS)

Linda Bevis presented Item 34, the Central Water Integration Pipeline Project: Owner's Representative Services Contract Amendment I. The purpose of the project was to effectively integrate the entire volume of incoming Vista Ridge water. It was necessary to move large volumes of water across the system to effectively meet the needs of our customers. She reviewed the locations where the major design and construction activities would take place on the project. The delivery method that was chosen for the project was a progressive design-build. The project was currently in the design phase and on the way to the 30 percent GMP deliverable. The original award of the owner’s representative contract for the project with Black & Veatch covered the release of the RFP and the signing of the design-build firm. This phase and the amendment to the contract would go through the 60 percent design phase of the project. Staff anticipated a phased approach for the owner’s representative contract with Black & Veatch. In the future, staff would likely bring an additional amendment to carry the contract through the construction as well.

Black & Veatch was brought on in November 2016. Since then, Black & Veatch assisted in a combination of both technical and administrative support, including the design concept and support documents that helped with the procurement of the design-build firm. She discussed the key components of the contract. Work continued on the Pipe Loop Study. The quality of the sources of water that were placed in the system closely mimic Edwards water so as to ensure and protect the lining of the pipes to make sure there was no degradation by incorporating more aggressive water. The amendment would provide services up to 60 percent design, which would include the review of design documents. Black & Veatch would continue to help through the review process as the deliverables come in and also to ensure the original project concepts and goals were adhered to for the project. Additionally, Black & Veatch would assist on the specialized advice for tunneling, treatment, the automation of the SCADA system, and support the execution of the design-build contract.

She detailed the extent of the water delivery within Bexar County in the southeast side of the service area. The SCADA automation would give the flexibility to move the water where there was very little flexibility previously. The move towards restrictions and desire to diversify the water portfolio made it advantageous to incorporate pathways to move large amounts of water throughout the service area. Similar to the ASR and WRIP lines coming in on the south from the H2Oaks Center that go up the east and west side, this pipeline corridor would provide the conduit to move large volumes of water around.
Currently, the activity surrounds the coordination between SAWS, the project company on the Vista Ridge side, the design-build firm, and the owner's representative. The focus was on the exact alignment of the pipeline into and out of the terminus site. Significant focus was aimed to ensure the two major contractors who would work on terminus were on the same depth. Arias was currently at the terminus site doing gradient work, and Kiewit had done some minor geotechnical investigations to better understand where the starting point was once SAWS gave the go-ahead for the construction phase. Going forward, the heavy construction activity would ramp up. Coordination of construction easements, in particular, for temporary electrical service through the individual lots that terminus was currently divided into would need to be worked out to ensure the routing of those services were not in the way of the other contractor and vice versa. There was a significant amount of power required to move the tunnel boring machine leaving from terminus and heading generally south towards Loop 1604. Last month, Donovan Burton talked about the coordination efforts that have begun with the Guadalupe Valley Electric Cooperative and Bluebonnet Electric Cooperative. Next month, the Board would consider items to initiate the design and construction activity along the pipeline, the supply pipeline, the power needed at the individual hub stations along the way as well as Cathodic Protection. Staff also needed to coordinate the easements with the landowners and with CPS Energy for the power required at the terminus site. Temporary power would also be required at other various locations along the project’s alignment to be provided by CPS Energy. Total easement acquisition specifically within the alignment for this project was 41 total properties; 21 of which were on the pipeline alignment from terminus to the existing 48-inch pipe.

The Edwards Aquifer and its unique quality posed some challenges for construction. The coarse nature of the aquifer would require additional steps to be taken during underground construction activities to ensure that the anticipated progression was adhered to and maintained. The recharge features were lessening in terms of health of the aquifer and the pristine source. Depending on the size of the cavities that form, it could be challenging moving construction activities. The tunnel operations could be more costly than open cut, and geotechnical risks were always there. The project team had an opportunity to visit a tunnel being constructed in Austin. She reviewed photos of the tunnel being constructed in Austin. Staff would continue to work with Kiewit to ensure that any tweaks in the pipeline alignment were necessary and acquisition timeline was incorporated.

The owner's representative contract was with Black & Veatch and was developed to mimic the design-build firm’s contract in a phased approach. The original contract was $3,998,945.00. Amendment I was requesting the approval of an additional amount of $5,543,511.00. A future construction phase amendment would likely come to the Board for consideration in 2018. Staff recommended the award of Contract Amendment I to Black & Veatch, and approval of $5,543,511.00 for the Central Water Integration Pipeline Project, Owner’s Representative Contract Amendment I Services.

Ms. Merritt made a motion to approve Item 34. Mr. Arrellano seconded the motion.

Mayor Nirenberg asked if the amendment would fund Phase II through completion. Ms. Bevis replied that Phase II was for the construction phase. The design-build contract was Phase I, which was the design through 60 percent. Phase II was the construction phase. The owner's representative contract had an initial phase that covered up to the signing of the
design-build firm. The original contract did not include any of the phases. This amendment would cover through Phase I. Phase II would be brought to the Board for consideration in April.

Mayor Nirenberg asked if the initial approval contemplated there would be multiple phases and this was not a change to what was originally approved. Mr. Burton confirmed. The approval in September was for the design-build firm that was Kiewit and Tetra Tech. This was the owner's representative contract that was approved back in November 2016 to cover services through the procurement phase. These two contracts run parallel, but were separate contracts. The owner’s representative designed the project to 10 percent and provides services through the procurement phase of the design-build firm. The amendment would provide continued services to SAWS with the work by the design-build firm.

Mayor Nirenberg asked if the amendment changed the total planned cost of the integration project. Ms. Bevis replied no, this was anticipated as part of the estimated $120 million. Mr. Burton added that the owner’s representative would help staff price the design-build firm’s cost estimate in the market.

Mr. Rowe asked if the GMP was in line for the $120 million. Ms. Bevin replied that at this point, it was in line. Mr. Burton added that the budget was $145 million, which included overhead. The tunneling and treatment were very important to see where Kiewit was going to come in with their estimate. Kiewit was going to be higher so it was important to make sure their numbers were correct.

Mr. Rowe asked for a breakdown of the $145 million. Mr. Burton gave a general estimate. About $107 million was assumed for construction, another $7 million was for the design-build contract, and then $10 million was assumed for the owner's representative contract process. Above those estimated was land acquisition to be done by SAWS and the cost of overhead.

Ms. Merritt asked if $145 million was a cap. Mr. Burton responded that was the internal budget and those were the water supply rates that were already pre-approved through the Council process.

After no further discussion, Item 34 was unanimously approved. Electronic voting. Mr. McGee was not present for the vote on Item 34.

35. **BRIEFING SESSION.**

A. **Briefing and deliberation regarding the Sanitary Sewer Overflow Reduction Program**

Jeff Haby gave an update on the Sanitary Sewer Overflow (SSO) Reduction Program. The Consent Decree (CD) timeline and implementation was progressing well. The Capacity, Management, Operation and Maintenance (CMOM) Program covered the entire 10 years of the CD and was mostly operation and maintenance of the system. The Capacity and Condition Assessment activities were complete. The report would be submitted to the EPA in January 2018. Alternative analysis would identify what needed to be done to address the
issues found in the assessment and would be complete in early 2018. Condition and Capacity Remedial Measures CIP projects had already been initiated. Staff presented several of those projects earlier for the Board’s consideration. For certain projects that had easement issues and met certain criteria, the EPA had to approve an additional two-year extension or until July 2025 to pay for the work. When the work associated with the CD was complete, there would be ongoing work to ensure proper management of the sewer system assets. Work continued with the Early Action Phase I and Phase II Programs, but were on schedule.

The Condition Assessment Program was completed on schedule in July. During the condition assessment process, new data management and decision support technologies were introduced that increased the productivity and quality of the work. One of the ways to measure success was to make the system better through the CD. These steps would have long-term benefits to the way the assets were managed. The draft assessment report was complete and was under review to be submitted in January in compliance with the requirements of the CD. The condition assessment focused on high risk areas and over 2,600 miles of pipe were assessed by July. He recognized Mr. Brinkmann and his team for their work to complete the assessment. He discussed the technologies utilized during the inspection of the sewer mains, and how the pipes were rated for condition. The objective of the CD was to minimize SSOs and increase performance. The rating of the pipes allowed staff to focus on the poorly rated pipes first and to make decisions for the best long-term benefits. He reviewed the reduction of structural SSOs of approximately 75 percent through 2017.

The Capacity Assessment was completed by July. Key initiatives during this assessment included a comprehensive flow meter and rain gauge data collection program. At one point, there were over 250 flow meters and over 35 rain gauges in the system to evaluate the impact a storm had on the flows in the sewer system. Staff used the information to calibrate the model to those storm events and identify any potential capacity constraints. One of the key elements of the program was inflow reduction. Staff tested a manhole by covering it and flooding it with water. It was incredible how much water came through the rain cover. As a result, a major effort was focused on manholes within floodplains. SAWS had about 8,900 manholes located in the 100 year flood plain, and staff was about 60 percent complete with that effort. He described how a capacity constraint was determined. These constraints were then analyzed so SSOs could be prevented in the future. He reviewed the reduction of wet weather SSOs through 2017. Wet weather SSOs would continue until needed projects such as a project on Holbrooke Road were built that would eliminate capacity constraints.

As part of the Early Action Program of the CD, staff committed to constructing certain projects prior to the Remedial Measures Plan. SAWS was required to complete about 195 miles of sewer main construction and met all the compliance deadlines. About 175 miles to date had been construction. There were some potential cost increases. One of the most critical sewer projects was to replacement of a sewer main that ran along Leon Creek through Lackland Air Force Base. The original cost estimate if the original alignment was followed through the base was about $100 million. There were some easement concerns, so there was a potential that the main would have to go around that could have a potential increase of $150 million or a project cost of about $250 million. Another potential cost increase was in the central sewershed. Due to the high wet weather peak flows in the sewer mains that served the central part of the city, an aggressive inflow and infiltration reduction program would be
pursued. To mitigate peak flows in the sewer main and at the Dos Rios Water Recycling Center, staff was evaluating the construction of a 15 million gallon wet weather storage facility at the former Rilling Road Treatment Plant site or some other location in the central sewershed. This could result in a cost increase of about $100 million.

CMOM was an ongoing operation and maintenance program required by the CD. Staff would continue to monitor the condition and capacity of the pipes, and there were approximately 300 miles of condition monitoring to be done. The rating of the pipes focused on replacements of the worst rated pipe. It was feasible to fix everything at once, so the better rated pipe would be monitored. Staff would continue to clean pipe using frequency optimization and Smart Clean Program. The Smart Cleaning Program added 200 additional smart covers to the system. The smart cover would monitor the pipes to determine the optimal cleaning schedule. This proved to be a tremendous benefit. The most expensive rolling asset was the combo units because these vehicles were very expensive and difficult to maintain. By reducing the amount of trips, there was a potential to save a lot of money. More importantly from the SSOs reduction side, reducing the amount of trips to each pipe would free the equipment to clean pipe in the system that had not been touched yet. This would have a big impact on preventing SSOs. Work continued on the Fats, Oils and Grease Management Program and a continued downward trend was expected. He reviewed the debris, grease and roots SSOs through 2017.

He responded to Mr. Rowe’s question on how the program was doing from a cost perspective. The original forecast for O&M was $250 million in 2012. The actuals through June 2017 were about $142 million. The current O&M forecast was about $255 million at the end of ten-year CD in 2023. The original CIP cost forecast was an estimated $840 million in 2012. Through June, about $360 million was committed in capital and about $900 million more was anticipated, including the potential cost of Rilling Road and the Lackland AFB reroute to bring current CIP cost to $1.2 to $1.3 billion. Again, this was going to change as the Remedial Measures Plan was finalized.

He reviewed the progress in reducing SSOs from 2009 through 2017 year-to-date. So far this year had been a very good year. Nine of the ten months were below the average for the past seven years and there were some new record low months as well. Compliance programs and reporting would continue. The EPA performed an inspection mostly of the Dos Rios and Leon Creek treatment plants, Mitchell Lake, a few lift stations, and the control center. He stated staff would go to Dallas the next day for the annual briefing to the EPA. SAWS was on track to submit the Condition & Capacity Assessment Plans in January 2018. The 30 percent design would be completed the first quarter of 2018. The next big date was the submission of the Condition & Capacity Remedial Measures Plan in January 2019. This was SAWS commitments to the EPA of what would be constructed.

Chairman Guerra commented on the reduction of SSOs by the categories. The pipe defects/structural condition SSOs were reduced from 2011 at 177 down to 34 in 2017, the wet weather SSOs were reduced to 23 in 2017, and the debris/grease/roots SSOs were reduced from 148 in 2011 to 47 in 2017. He asked if the EPA looked at all of these combined to make sure SAWS was in compliance with the CD. Mr. Haby replied the EPA wanted SAWS to follow their program. Ultimately, it was about reducing SSOs, but SSOs were not even truly a metric in the CD. Every time there was an SSO, SAWS was required to call within
24 hours and report the SSO, and then within five days a report had to be submitted to the TCEQ, the EPA, and the Department of Justice. When an SSO occurs, day, night, weekend, Christmas day, a crew would be dispatched to address the SSO. A televising crew would be dispatched within 24 hours to take a look at what caused the SSO. The SSOs are then categorized by root causes. This was a way for staff to measure how effective the program was at reducing SSOs.

Mr. Rowe commented on the two items that were approved by the Board on the agenda where there were multiple projects and asked how many more of those types of proposals would be coming before the Board. Mr. Haby stated it would depend how the multiple projects were packaged. Going forward, the budget for small diameter and large diameter condition was about $40 million per year. This was one of the things that staff struggled with because it took just as much effort to manage a $1 million project as it would a $10 million project. Staff was trying to be somewhat strategic in offering some smaller projects and some larger projects so there would be a good mix of contractors and everyone would be given an opportunity. On the large diameter capacity projects, there were about 15 projects programmed so far, but staff was still developing the final report for the CD.

36. President/Chief Executive Officer’s Report.

A. City Council and Community Outreach Regarding Proposed Rate Adjustments

Mr. Puente discussed the communication to the public on the rate request that included meetings held by Council Members, public meetings held at SAWS headquarters and also Facebook Live. The social media component allowed additional opportunities to reach even more constituents and provide information about the rate request. Staff has been in front of City Council at B Session, and the Council Members had different questions. Staff followed up with each Council Member and had subsequent meetings with the Council Members to provide the information they requested regarding the rate adjustment.

As Mr. McGee mentioned, he expects that staff had already done the cost cuts and saving measures to get down to the bone. We have done all of these cuts and saving measures, including looking at personnel and all costs before the budget was brought to the public. Staff brought a two-year budget that the Board approved. He stated he would ask City Council on Thursday for their support of the two-year rate adjustments to support the approved budgets.

37. Inquiries of the Board of Trustees for future briefings and/or follow-up action.

Mayor Nirenberg restated his request regarding the review of the USA process for tracts that were within the vicinity of a military installation. Chairman Guerra confirmed and restated that his request for a briefing on past increases to the rates and how those rates were used to improve the system. Mr. Puente confirmed.

The Chairman stated that an Executive Session would not be held and moved to Item 41, Adjournment.
38. The Regular Session of the November 7, 2017, Regular Board Meeting is hereby recessed to hold an Executive Session and discuss the matters listed below pursuant to Section §551.071 of the Texas Open Meetings Act.

39. EXECUTIVE SESSION.
   A. Consultation with attorneys regarding advice on legal matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act, pursuant to Section §551.071 of the Texas Government Code.

   No discussion was held in executive session.

40. The Regular Session of the Regular Board Meeting of November 7, 2017, is hereby reconvened.

41. Adjournment. THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES MEETING OF NOVEMBER 7, 2017, IS HEREBY ADJOURNED.

   The San Antonio Water System Board of Trustees Meeting of November 7, 2017, adjourned at 12:06 p.m.

____________________________________________________________
Berto Guerra, Jr., Chairman

ATTEST:

____________________________________________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees
FROM: Robert R. Puente, President/Chief Executive Officer
SUBJECT: Acceptance of Bids for Services, Equipment, Materials and Supplies

The attached resolution accepts bids and awards contracts for services, equipment and supplies as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of Contracts</th>
<th>Estimated Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Award of New One Time Purchases of Materials, Equipment or Services</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>B. Award of New and Renewal of Annual Goods &amp; Services Requirements Contracts and Maintenance Agreements</td>
<td>5</td>
<td>1,972,418.56</td>
</tr>
</tbody>
</table>

SMWB Purchasing Contracts (percentage)

- This Board Meeting: 0.00%
- Year-to-Date: 0.00%

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Approved:

Robert R. Puente  
President/Chief Executive Officer

Reviewed:

Marisol V. Robles  
SMWB Program Manager

Ivorne C. Torres, Director  
Purchasing Division
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF
TRUSTEES ACCEPTING BIDS AND AWARDING
CONTRACTS FOR THE PROCUREMENT OF CERTAIN
SERVICES, EQUIPMENT, MATERIALS AND SUPPLIES;
AUTHORIZING EXPENDITURES TO PROCURE THE SAID
SERVICES, EQUIPMENT, MATERIALS AND SUPPLIES;
AUTHORIZING THE DIRECTOR OF THE PURCHASING
DIVISION, OR HER DESIGNEE, TO EXECUTE DOCUMENTS
RELATED THERETO; FINDING THE RESOLUTION TO
HAVE BEEN CONSIDERED PURSUANT TO THE LAWS
GOVERNING OPEN MEETINGS; PROVIDING A
SEVERABILITY CLAUSE; AND ESTABLISHING AN
EFFECTIVE DATE

WHEREAS, the Director of the Purchasing Division of the San Antonio Water System (the "System") has recommended certain bids be accepted, that certain contracts be awarded, and that certain other actions be taken to procure services, equipment, materials and supplies which are necessary for the operation of the System; and

WHEREAS, the said recommendations are fully set out in "Attachment I" which is attached hereto and made a part hereof, and said recommendations have been approved by the System's President/Chief Executive Officer; and

WHEREAS, the appropriate bidding procedures regarding the procurement of goods and services have been adhered to in the compiling of the attached recommendations, as reflected in administrative records supporting this resolution; and

WHEREAS, funds are available in the System's budget to pay for the required services, equipment, materials and supplies; and

WHEREAS, the Board of Trustees of the San Antonio Water System desires (i) to accept the bids and award the contracts as recommended, (ii) to authorize from available funds of the System the expenditures necessary to carry out the recommended procurements, and (iii) to authorize the Director of the Purchasing Division or her designee to execute all contracts and other documents necessary to carry out the recommended procurements; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD
OF TRUSTEES:

1. That the bids are accepted and the contracts are awarded for procurement of the services, equipment, materials and supplies listed in Attachment I, as recommended by the Director of the Purchasing Division.

2. That the expenditure of the necessary funds from the appropriate budget fund of the System for the procurement of the said services, equipment, materials and supplies is hereby authorized.
3. That the Director of the Purchasing Division, or her designee, is hereby authorized to notify bidders of the acceptance of bids, to execute contracts and other documents, and to carry out all other actions necessary to procure the said services, equipment, materials and supplies.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this the 9th day of January, 2018

___________________________
Berto Guerra, Jr., Chairman

ATTEST:

___________________________
Ernesto Arrellano, Jr., Secretary
Award of New One Time Purchases of Materials, Equipment or Services

A. The following items will establish price and delivery for the one time purchase of Materials, Equipment and Services. These items are included in the current budget. Payment will be made from the applicable fund.

<table>
<thead>
<tr>
<th>VENDOR</th>
<th>DESCRIPTION</th>
<th>ITEM NO(s.)</th>
<th>ESTIMATED TOTAL PURCHASES</th>
<th>REMARKS</th>
</tr>
</thead>
</table>

NO ITEMS TO REPORT

*Indicates vendor is an SMWB, unless otherwise noted vendor is non minority.
Award of New and Renewal Annual Goods & Services Requirement Contracts and Maintenance Agreements

B. The following items will establish estimated quantities, unit price and delivery for the Service and Supply Contracts and their extensions. These items are included in the current budget. Payment will be made from the applicable fund. Estimated annual purchase is based on unit price bid; actual total and quantities, may vary from the estimate.

<table>
<thead>
<tr>
<th>VENDOR</th>
<th>DESCRIPTION</th>
<th>NO(s.)</th>
<th>PURCHASES</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Taylor Made Hose</td>
<td>Annual Contract for Hydraulic, Air, Water, Fuel, Industrial Hoses &amp; Fittings Northwest Operational Area Bid No. 15-15011</td>
<td>All</td>
<td>$74,000.00</td>
<td>This is an extension of an existing contract. This contract will be utilized for the purchase of hydraulic, air, water, fuel &amp; industrial hoses, as well as fittings, couplings and adapters for the Northwest Operational area. Taylor Made Hose has performed well during the contract period and the System has determined the pricing is favorable. Base year, first, second and third year extension total through January 31, 2019 is $74,000.00. This contract extension will be effective February 1, 2018 through January 31, 2019. This contract extension is favorable to System, price and service considered, the award includes the availability of one (1) option to extend as provided for, and approved for in future years budgets.</td>
</tr>
<tr>
<td>2. Texas Rural Water Association (TRWA)</td>
<td>Best Value Bid for Annual Water and Wastewater Training Courses Bid No. 17-5055</td>
<td>All</td>
<td>$108,500.00</td>
<td>This contract will be utilized by the System to provide current and future Water and Wastewater Training Courses that have been approved by the Texas Commission on Environmental Quality (TCEQ) for water or wastewater license credit in compliance with Title 30, Texas Administrative Code (30 TAC) Chapter 30, and taught by TCEQ-approved instructors. This contract will be effective Date of Award (January 9, 2018) through December 31, 2018. If determined that an extension is favorable to the System, price and service considered, the award includes the availability of three (3) additional one-year options to extend as provided for, and approved for in future years budgets.</td>
</tr>
</tbody>
</table>

*Indicates vendor is an SMWB unless otherwise noted vendor is non minority.
Award of New and Renewal Annual Goods & Services Requirement Contracts and Maintenance Agreements

B. The following items will establish estimated quantities, unit price and delivery for the Service and Supply Contracts and their extensions. These items are included in the current budget. Payment will be made from the applicable fund. Estimated annual purchase is based on unit price bid; actual total and quantities, may vary from the estimate.

<table>
<thead>
<tr>
<th>VENDOR</th>
<th>DESCRIPTION</th>
<th>NO(s.)</th>
<th>PURCHASES</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. McGard, LLC</td>
<td>Annual Contract for Meter Valve Locks</td>
<td>All</td>
<td>$ 101,458.00</td>
</tr>
<tr>
<td></td>
<td>Bid No. 17-1434</td>
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<tr>
<td>4. Alamo Distribution, LLC</td>
<td>Annual Contract for General Digging Tools &amp; Ladders</td>
<td>All</td>
<td>$ 57,574.56</td>
</tr>
<tr>
<td></td>
<td>Bid No. 17-2070</td>
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</tbody>
</table>

**Remarks**

This is a new contract. This contract will be utilized by the System for the purchase of Meter Valve Locks and Accessories on an as needed basis. These products will be purchased by SAWS Warehouse staff for inventory to be used to support Revenue Collection and Field Services when water services have been shut off. This contract will be effective Date of Award (January 9, 2018) through December 31, 2018. If determined that an extension is favorable to the System, price and service considered, the award includes the availability of four (4) additional one-year options to extend as provided for, and approved for in future years budgets.

This is a new contract. This contract will be utilized by the System for the purchase of Digging Tools and Ladders on an as needed basis. These products will be purchased by SAWS Warehouse staff for inventory to be used to support the Distribution & Collection maintenance crews that maintain and repair the system assets. This contract will be effective Date of Award (January 9, 2018) through December 31, 2018. If determined that an extension is favorable to the System, price and service considered, the award includes the availability of four (4) additional one-year options to extend as provided for, and approved for in future years budgets.

*Indicates vendor is an SMWB unless otherwise noted vendor is non minority.

Board Date: January 9, 2018
Award of New and Renewal Annual Goods & Services Requirement Contracts and Maintenance Agreements

B. The following items will establish estimated quantities, unit price and delivery for the Service and Supply Contracts and their extensions. These items are included in the current budget. Payment will be made from the applicable fund. Estimated annual purchase is based on unit price bid; actual total and quantities, may vary from the estimate.

<table>
<thead>
<tr>
<th>VENDOR</th>
<th>DESCRIPTION</th>
<th>NO(s.)</th>
<th>PURCHASES</th>
</tr>
</thead>
<tbody>
<tr>
<td>GoFleet Corporation</td>
<td>Request for Proposal for Purchase of GPS/AVL Component Solution and Three Years Monitoring Bid No. 17-1137</td>
<td>All</td>
<td>$1,630,886.00</td>
</tr>
</tbody>
</table>

REMARKS
This is a new contract. This contract will be utilized by System for the purchase, install, and monitoring of a Global Positioning System/Automated Vehicle Locator (GPS/AVL) tracking system for our large and diverse fleet of vehicles and heavy equipment. This contract will be effective Date of Award (January 9, 2018) through January 8, 2021. If determined that an extension is favorable to the System, price and service considered, the award includes the availability of two (2) additional one-year options to extend as provided for, and approved for in future years budgets.

$1,972,418.56

*Indicates vendor is an SMWB unless otherwise noted vendor is non minority.
<table>
<thead>
<tr>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>MANUFACTURER</th>
</tr>
</thead>
<tbody>
<tr>
<td>HYDRAULIC HOSES (To include 1,2, All, and 4 Wire Spiral)</td>
<td>Parker</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Catalog Price Discount</th>
<th>Manufacturer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount off price list</td>
<td>70%</td>
</tr>
<tr>
<td>Price list identification</td>
<td>PL440</td>
</tr>
<tr>
<td>Effective date of price list</td>
<td>1/15/2015</td>
</tr>
<tr>
<td>Column of price list on which discount is based</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HYDRAULIC HOSE FITTINGS, FERRULES, COUPLINGS AND ADAPTERS</th>
<th>MANUFACTURER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catalog Price Discount</td>
<td>Parker</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Manufacturer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount off price list</td>
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<td>Effective date of price list</td>
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<tr>
<td>Column of price list on which discount is based</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>MISCELLANEOUS O RINGS, SEALS AND CYLINDER KITS</th>
<th>MANUFACTURER</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFG LIST PRICE</td>
<td>Parker</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HYDRAULIC QUICK COUPLERS RANGING FROM 1/4 INCH TO 1 1/4 INCH</th>
<th>MANUFACTURER</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFG LIST PRICE</td>
<td>Parker</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PRESSURE GAUGES RANGING FROM VACUUM TO PSI 10,000</th>
<th>MANUFACTURER</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFG LIST PRICE</td>
<td>Noshok</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>BALL VALVES RANGING FROM 500 TO 7500 PSI</th>
<th>MANUFACTURER</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFG LIST PRICE</td>
<td>Parker/Anchor</td>
</tr>
</tbody>
</table>
# TABULATION OF BIDS

**SAN ANTONIO WATER SYSTEM**  
P. O. BOX 2449  
SAN ANTONIO, TEXAS 78298-2449

**Annual Contract for Hydraulic Air, Water, Fuel & Industrial Hoses & Fittings**  
for Northwest Operational Area  
(March 3, 2015 through January 31, 2016)

**DATE:**  
3:00 p.m., March 3, 2015

**TABULATION AS OF:**  
March 3, 2015

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>QUANTITY</th>
<th>PRICE</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>500 TO 2000 PSI LIST PRICE MULTIPLIER</td>
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</tr>
<tr>
<td>2000 TO 7500 PSI LIST PRICE MULTIPLIER</td>
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</tr>
<tr>
<td>10 ea. Valve Ball 1 IN 5075 PSI, SAW# 17059</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 ea. Valve Ball 1/2 IN 2000 PSI Carbon Steel, SAW# 17093</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>12 ea. Valve Ball 1/2 IN 7250 PSI, SAW# 17062</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>8 ea. Valve Ball 3/4 IN 5800 PSI, SAW# 32451</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>10 ea. Valve Ball 1/2 IN 2000 PSI Carbon SS, SAW# 17093</td>
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<td></td>
<td></td>
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<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>2,115.62</td>
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</tbody>
</table>

**TOTAL GROUP G**  
**AIR HOSES PSI 500 (except as noted)**  
400 ft. 3/8 IN-AIR HOSE, SAW# 25872  
100 ft. 1/2 IN-AIR HOSE, SAW# 25373  
100 ft. 3/4 IN-AIR HOSE, SAW# 25874  
40 ea. 3/4 IN 1D AIR HOSE, PREMOFLEX 50 FT LONG JACK HAMMER ASSEMBLY PSI 300 SAW# 13140

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>QUANTITY</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
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<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>3,365.60</td>
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</table>

**AIR COUPLERS**  
200 ea. 727 M Style, SAW# 25875

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>QUANTITY</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>727.00</td>
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</tbody>
</table>
**SAN ANTONIO WATER SYSTEM**  
P. O. BOX 2449  
SAN ANTONIO, TEXAS 78298-2449  

**TABULATION OF BIDS**  
Annual Contract for Hydraulic, Air, Water, Fuel & Industrial Hoses & Fittings  
for Northwest Operational Area  
(March 3, 2015 through January 31, 2016)  
3:00 p.m., March 3, 2015

<table>
<thead>
<tr>
<th>DESCRIPTION AND APPROX. QUANTITY</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>728 M Style Female Thread 1/4 IN. SAWS #25878</td>
<td>0.86</td>
<td>43.00</td>
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<tr>
<td>153 Standard Blow Gun, SAWS #25879</td>
<td>9.20</td>
<td>92.00</td>
</tr>
<tr>
<td>715 1/4 IN NPT Female Thread, SAWS #25880</td>
<td>3.70</td>
<td>153.00</td>
</tr>
<tr>
<td>1144 Mini Air Line Filters, SAWS #25881</td>
<td>24.00</td>
<td>600.00</td>
</tr>
<tr>
<td>TOTAL GROUP H</td>
<td>0.86</td>
<td>1,082.00</td>
</tr>
<tr>
<td>CLEAN BRAIDED TUBING</td>
<td>0.30</td>
<td>25.00</td>
</tr>
<tr>
<td>300 ft. K3150-06 3/8&quot;, SAWS #25892</td>
<td>0.39</td>
<td>267.00</td>
</tr>
<tr>
<td>50 ft. K3150-16 1&quot;, SAWS #25896</td>
<td>1.63</td>
<td>81.50</td>
</tr>
<tr>
<td>TOTAL GROUP I</td>
<td>1.02</td>
<td>373.50</td>
</tr>
<tr>
<td>TANK HOSE</td>
<td>10.32</td>
<td>516.00</td>
</tr>
<tr>
<td>50 ft. Tank Hose 2 1/2&quot; Rubber w/wire helix, SAWS #25897</td>
<td>0.80</td>
<td>400.00</td>
</tr>
<tr>
<td>TOTAL GROUP J</td>
<td>10.32</td>
<td>516.00</td>
</tr>
<tr>
<td>DISCHARGE HOSES (LAY FLAT STANDARD DUTY)</td>
<td>56.77</td>
<td>283.85</td>
</tr>
<tr>
<td>5 ea. Discharge Hose 2 IN x 50 FT w/male &amp; female camlocks, SAWS #13144</td>
<td>117.22</td>
<td>586.10</td>
</tr>
<tr>
<td>5 ea. Discharge Hose 4 IN x 50 FT Blue w/male &amp; female camlocks punch lok and band it, SAWS #25899</td>
<td>302.13</td>
<td>1,510.65</td>
</tr>
<tr>
<td>5 ea. Discharge Hose 6 IN x 50 FT Blue w/male &amp; female camlocks punch lok and band it, SAWS #25900</td>
<td>302.13</td>
<td>1,510.65</td>
</tr>
</tbody>
</table>
### SAN ANTONIO WATER SYSTEM
P. O. BOX 2449
SAN ANTONIO, TEXAS 78298-2449

#### TABULATION OF BIDS

**P.O. Box:** 2449
**San Antonio, Texas 78298-2449**

**Annual Contract for Hydraulic Air, Water, Fuel & Industrial Hoses & Fittings for Northwest Operational Area**

(March 3, 2015 through January 31, 2016)

**DATE:** 3:00 p.m., March 3, 2015

**TABULATION OF BIDS**

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 ea.</td>
<td>Vacuum Hose 1 1/2 inches 4 feet assembly PVC w/end cuffs, SAWS #13176</td>
<td>17.90</td>
<td>35.80</td>
</tr>
<tr>
<td>2 ea.</td>
<td>Vacuum Hose 1 1/2 inches 8 feet assembly PVC w/end cuffs, SAWS #13178</td>
<td>34.13</td>
<td>68.26</td>
</tr>
</tbody>
</table>

(Note: Vacuum hoses are used at Dos Rios for skimming in the sand filters)

**TOTAL GROUP L**

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>104.06</td>
<td>208.12</td>
</tr>
</tbody>
</table>

**SUCTION HOSES**

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 ea.</td>
<td>Suction Hose 2 inches layflat 50 feet long w/male &amp; female camlocks, SAWS #13179</td>
<td>336.33</td>
<td>336.33</td>
</tr>
<tr>
<td>1 ea.</td>
<td>Suction Hose 3 inches NPT Threaded Ends: 50 feet long EPDM tube, SAWS #25902</td>
<td>131.77</td>
<td>131.77</td>
</tr>
<tr>
<td>8 ea.</td>
<td>Suction Hose 3 inches NPT Threaded Ends: 15 feet long black EPDM tube punch-lock and band-it, SAWS #13184</td>
<td>1,054.16</td>
<td>1,054.16</td>
</tr>
<tr>
<td>63 ea.</td>
<td>Suction Hose 3 inches w/male female couplings Kanaline 15 ft long, SAWS #33315</td>
<td>9,669.87</td>
<td>9,669.87</td>
</tr>
<tr>
<td>30 ea.</td>
<td>Suction Hose 4 Inches w/male &amp; Female camlocks rubber 20 feet long, SAWS #13175</td>
<td>6,642.90</td>
<td>6,642.90</td>
</tr>
<tr>
<td>1 ea.</td>
<td>Suction hose 6 Inches w/male &amp; Female camlocks rubber 20 feet long punch-lock and band-it, SAWS #13174</td>
<td>429.06</td>
<td>429.06</td>
</tr>
<tr>
<td>5 ea.</td>
<td>Hose suction 4 Inches x 20 ft with male and female Kanaline, SAWS #35558</td>
<td>1,311.40</td>
<td>1,311.40</td>
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</tbody>
</table>

**TOTAL GROUP M**

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>22,827.52</td>
<td>22,827.52</td>
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</table>

**TOTAL GROUP K**

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>23,942.80</td>
<td>47,885.60</td>
</tr>
</tbody>
</table>

**VACUUM HOSES**

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 ea.</td>
<td>Discharge Hose 3 IN x 50 FT Red Layflat 275 HSA3, SAWS #34880</td>
<td>196.02</td>
<td>21,502.20</td>
</tr>
<tr>
<td>1</td>
<td>(Note: Vacuum hoses are used at Dos Rios for skimming in the sand filters)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL GROUP M**

<table>
<thead>
<tr>
<th>TOTAL</th>
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</tr>
</thead>
<tbody>
<tr>
<td>23,942.80</td>
<td>47,885.60</td>
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**SUCTION HOSES**

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<tr>
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<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 ea.</td>
<td>Suction Hose 3 inches NPT Threaded Ends: 50 feet long black EPDM tube, SAWS #25902</td>
<td>131.77</td>
<td>131.77</td>
</tr>
<tr>
<td>8 ea.</td>
<td>Suction Hose 3 inches NPT Threaded Ends: 15 feet long black EPDM tube punch-lock and band-it, SAWS #13184</td>
<td>1,054.16</td>
<td>1,054.16</td>
</tr>
</tbody>
</table>

**TOTAL GROUP L**

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>104.06</td>
<td>208.12</td>
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</table>

**SUCTION HOSES**

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<thead>
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<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 ea.</td>
<td>Suction Hose 2 inches layflat 50 feet long w/male &amp; female camlocks, SAWS #13179</td>
<td>336.33</td>
<td>336.33</td>
</tr>
<tr>
<td>1 ea.</td>
<td>Suction Hose 3 inches NPT Threaded Ends: 50 feet long EPDM tube, SAWS #25902</td>
<td>131.77</td>
<td>131.77</td>
</tr>
<tr>
<td>8 ea.</td>
<td>Suction Hose 3 inches NPT Threaded Ends: 15 feet long black EPDM tube punch-lock and band-it, SAWS #13184</td>
<td>1,054.16</td>
<td>1,054.16</td>
</tr>
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</table>

**TOTAL GROUP M**

<table>
<thead>
<tr>
<th>TOTAL</th>
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</thead>
<tbody>
<tr>
<td>22,827.52</td>
<td>22,827.52</td>
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**VACUUM HOSES**

<table>
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<tr>
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<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 ea.</td>
<td>Discharge Hose 3 IN x 50 FT Red Layflat 275 HSA3, SAWS #34880</td>
<td>196.02</td>
<td>21,502.20</td>
</tr>
</tbody>
</table>

(Note: Vacuum hoses are used at Dos Rios for skimming in the sand filters)
## SAN ANTONIO WATER SYSTEM

**P. O. BOX 2449**  
SAN ANTONIO, TEXAS 78298-2449

### TABULATION OF BIDS

**FOR:**  
Annual Contract for Hydraulic Air, Water, Fuel & Industrial Hoses & Fittings  
for Northwest Operational Area  
(March 3, 2015 through January 31, 2016)

**DATE & TIME:**  
3:00 p.m., March 3, 2015

---

### DESCRIPTION AND APPROXIMATE QUANTITY

#### N. 
**HYDRANT HOSES/MILL HOSE (Working PSI 112)**

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Description</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hydrant Hose 1 1/2 inches x 50 feet NST thread brass male/swivel female material poly woven rubber lined single jacket, SAWS #25905</td>
<td>102.86</td>
<td>102.86</td>
</tr>
<tr>
<td></td>
<td>Key Fire Hose Corp. SP15-MHH-50-BRN</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Hydrant Hose 2 inches x 50 feet NST thread brass male/swivel female material poly woven rubber lined single jacket punch lok and band-it, SAWS #25906</td>
<td>180.77</td>
<td>180.77</td>
</tr>
<tr>
<td></td>
<td>Key Fire Hose Corp. SP20-MHH-50-BRN</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Hydrant Hose 2 1/2 inches x 50 feet NST thread brass male/swivel female material poly woven rubber lined single jacket punch lok and band-it, SAWS #25907</td>
<td>217.69</td>
<td>217.69</td>
</tr>
<tr>
<td></td>
<td>Key Fire Hose Corp. SP25-MHH-50-BRN</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Hydrant hose 3 inches X 50 feet NST Thread Brass Male/Swival female poly woven rubber lined single jacket punch lok and band-it, SAWS #25908</td>
<td>353.08</td>
<td>353.08</td>
</tr>
<tr>
<td></td>
<td>Key Fire Hose Corp. SP30-MHH-50-BRN</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Hydrant hose 4 inches X 50 feet NST Thread brass male/swivel female poly woven rubber lined single jacket punch lok and band-it, SAWS #25909</td>
<td>398.46</td>
<td>398.46</td>
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<tr>
<td></td>
<td>Key Fire Hose Corp. SP40-MHH-50-AL</td>
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**TOTAL GROUP N**

**PRICE** | **TOTAL** |
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<td>1,252.86</td>
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#### O. 
**GARDEN HOSES**

<table>
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<th>Item No.</th>
<th>Description</th>
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<th>TOTAL</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Garden Hose 5/8 IN ID 175 PSI 50 ft long male/female 3/4 IN thread, SAWS #13158</td>
<td>75.02</td>
<td>12,828.42</td>
</tr>
<tr>
<td></td>
<td>Goodyear Midland 5/8&quot; Horizon 250 PSI w/brass M&amp;F GH-5 x 50 FT</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>30 ea. Contractor Garden Hose 1 IN 175 PSI rubber w/rugged truck tire core 50 ft long male GHT x female NPT, SAWS #13159</td>
<td>4.17</td>
<td>125.10</td>
</tr>
<tr>
<td></td>
<td>Goodyear Midland 1&quot; Horizon 300 PSI w/brass M&amp;F GHT X 50 FT</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>30 ea. Connector for garden hose 3/4 IN brass male GHT x male NPT, SAWS #10658</td>
<td>71GH-12-112</td>
<td>16,882.32</td>
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**TOTAL GROUP O**

**PRICE** | **TOTAL** |
<table>
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<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>16,882.32</td>
</tr>
</tbody>
</table>

#### P. 
**NOZZLES FOR HOSES**

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Description</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Brass Nozzle 3/4&quot; 6 inches long, SAWS #14147</td>
<td>20.88</td>
<td>626.40</td>
</tr>
<tr>
<td></td>
<td>Dixon</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL GROUP P**

**PRICE** | **TOTAL** |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>626.40</td>
</tr>
</tbody>
</table>
## SAN ANTONIO WATER SYSTEM
**P. O. BOX 2449**
**SAN ANTONIO, TEXAS 78298-2449**

### TABULATION OF BIDS

**Annual Contract for Hydraulic Air, Water, Fuel & Industrial Hoses & Fittings**

**for Northwest Operational Area**

(March 3, 2015 through January 31, 2016)

**DATE:** 3:00 p.m., March 3, 2015

### Q. CLEAR VINYL TUBING

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Config</th>
<th>Price</th>
<th>Total</th>
<th>MFG STK</th>
<th>MFG HOSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 ft</td>
<td>Clear Vinyl Tubing 1/8 In ID, SAWS #16897</td>
<td></td>
<td>0.10</td>
<td>10.00</td>
<td>Kuriyama</td>
<td>K010-0204</td>
</tr>
<tr>
<td>3,000 ft</td>
<td>Clear Vinyl Tubing 1/4 IN ID &amp; 3/8 OD, SAWS #16893</td>
<td></td>
<td>0.15</td>
<td>450.00</td>
<td>Kuriyama</td>
<td>K010-0406</td>
</tr>
<tr>
<td>18,000 ft</td>
<td>Clear PVC Vinyl Tubing 1/4 inch ID &amp; 3/8 inch OD, SAWS #16896</td>
<td></td>
<td>0.13</td>
<td>2,700.00</td>
<td>Kuriyama</td>
<td>K010-0606</td>
</tr>
<tr>
<td>100 ft</td>
<td>Clear Poly Tubing 3/16 IN ID OD, SAWS #16934</td>
<td></td>
<td>0.08</td>
<td>8.00</td>
<td>Kuriyama</td>
<td>K010-0304</td>
</tr>
<tr>
<td>400 ft</td>
<td>Clear Vinyl Tubing 3/8 IN &amp; 9.16 IN OD, SAWS #16902</td>
<td></td>
<td>0.35</td>
<td>140.00</td>
<td>Kuriyama</td>
<td>K010-0609</td>
</tr>
<tr>
<td>5,000 ft</td>
<td>Clear Vinyl Tubing 1/2 IN ID &amp; 5/8 IN OD, SAWS #16900</td>
<td></td>
<td>0.26</td>
<td>1,300.00</td>
<td>Kuriyama</td>
<td>K010-0810</td>
</tr>
<tr>
<td>200 ft</td>
<td>Clear Vinyl Tubing 5/8 IN ID &amp; 3/4 IN OD, SAWS #16898</td>
<td></td>
<td>0.32</td>
<td>64.00</td>
<td>Kuriyama</td>
<td>K010-1012</td>
</tr>
<tr>
<td>3,000 ft</td>
<td>Clear Vinyl Tubing 3/4 IN ID x 1 IN OD, SAWS #16899</td>
<td></td>
<td>0.78</td>
<td>2,340.00</td>
<td>Kuriyama</td>
<td>K010-1216</td>
</tr>
</tbody>
</table>

**TOTAL GROUP Q**

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Config</th>
<th>Price</th>
<th>Total</th>
<th>MFG STK</th>
<th>MFG HOSE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TOTAL GROUP Q</td>
<td></td>
<td>7,012.00</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### R. BAUER/KANOLINE TYPE FITTINGS

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Config</th>
<th>Price</th>
<th>Total</th>
<th>MFG STK</th>
<th>MFG HOSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 ea.</td>
<td>Strainer suction hose 3 In RHS35, SAWS #33322</td>
<td></td>
<td>22.88</td>
<td>457.60</td>
<td>Dixon</td>
<td>RHS35</td>
</tr>
<tr>
<td>50 ea.</td>
<td>Nipple Ball End Style B 3 WLO22BMT3, SAWS #33323</td>
<td></td>
<td>43.57</td>
<td>2,178.50</td>
<td>Wil-loc</td>
<td>022BMT3</td>
</tr>
<tr>
<td>25 ea.</td>
<td>3 Inch Female Socket Assembly Galvanized SS for Disc Hose, SAWS #34881</td>
<td></td>
<td>47.19</td>
<td>1,179.75</td>
<td>Wil-loc</td>
<td>275HSA3</td>
</tr>
</tbody>
</table>
## SAN ANTONIO WATER SYSTEM

**P. O. BOX 2449**  
SAN ANTONIO, TEXAS 78298-2449

### TABULATION OF BIDS

**FOR NORTHWEST OPERATIONAL AREA**

- **PERIOD**: March 3, 2015 through January 31, 2016
- **TIME & DATE**: 3:00 p.m., March 3, 2015

### DESCRIBED AND APPROXIMATE QUANTITY

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6 ea. Clamp Hose KA 3 Power Lock 3 IN, SAWS #33316</td>
<td>9.70</td>
<td>58.20</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6 ea. Coupling Male Galv Ballstyle B WL260HTM3 3 IN, SAWS #33318</td>
<td>11.8300</td>
<td>70.98</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6 ea. Coupling Female Tail Socket WL270HTF3 3 Inch, SAWS #33319</td>
<td>12.85</td>
<td>77.10</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6 ea. Lever Locking WL273LR3 3 Inch, SAWS #33320</td>
<td>22.52</td>
<td>135.12</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>20 ea. O Ring for 3 Inch Bauer/Kanoline Fitting WL 2800R3, SAWS #33321</td>
<td>1.12</td>
<td>22.40</td>
</tr>
</tbody>
</table>

**TOTAL GROUP R**

- **PRICE**: 4,179.65

### EMERGENCY REQUEST (after hours)

- **PRICE**: 100.00

### FOR INSTALLATION OF EACH FITTING ON LENGTH OF HOSE

- **PRICE**: *

**GRAND TOTAL**

- **TOTAL**: 84,280.33

### DELIVERY AND SERVICE

- **DELIVERY DAYS**: 10-14 days
- **BUSINESS HOURS**: 8:00 a.m. - 5:30 p.m.
  - Mon - Fri.

<table>
<thead>
<tr>
<th>BID NOT TABULATED</th>
<th>BID NOT TABULATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>NON-RESPONSIVE</td>
<td>NON-RESPONSIVE</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SUPPLIER INFORMATION**

- **San Antonio Belt & Pulley**  
  211 W. Cavalletos  
  San Antonio, TX 78204
- **Austin Distributing**  
  554 E. Rittiman Rd.  
  San Antonio, TX 78218

---

**NOTE**: The table above contains the tabulation of bids for the specified period and items as per the proposal. Detailed descriptions, quantities, prices, and delivery/service information are included to ensure a comprehensive understanding of the bid tabulation process.
SAN ANTONIO WATER SYSTEM
P. O. BOX 2449
SAN ANTONIO, TEXAS 78298-2449

TABULATION OF BIDS

Annual Contract for Hydraulic Air, Water, Fuel & Industrial Hoses & Fittings
for Northwest Operational Area
(March 3, 2015 through January 31, 2016)

3:00 p.m., March 3, 2015

**LOW BIDDER**

*BID INVITATIONS E-MAILED TO AND/OR PICKED UP BY:
San Antonio Belting & Pulley
Alamo City Hydraulics
Austin Distributing
Hydradyne
Hydraquip
Hydraulic Supply
IBT Industrial
Firtel
River City Hydraulics
Taylor Made Hose
TLR Hydraulic

<table>
<thead>
<tr>
<th>Item</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>Bid Amount</th>
<th>Estimated Annual Usage for Service Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXTENSION I</td>
<td>Bid Amount</td>
<td>84,280.33</td>
<td>25,000.00</td>
</tr>
<tr>
<td>EXTENSION I</td>
<td>Bid Amount</td>
<td>84,280.33</td>
<td>25,000.00</td>
</tr>
<tr>
<td>EXTENSION I</td>
<td>Bid Amount</td>
<td>84,280.33</td>
<td>25,000.00</td>
</tr>
</tbody>
</table>

Terms
1% 20 days
Bid No. 15-15011 solicited bids for the purchase of hydraulic, air, water, fuel & industrial hoses, as well as Fittings, Couplings and Adapters for the Northwest Operational Area.

Taylor Made Hose is the single responsible bidder for Bid No. 15-15011.

Twelve vendors were invited to bid, three bids were received, but only one bid was complete with approved products, which was from Taylor Made Hose. Other bids that were received either were incomplete and/or bid products that were not approved for this contract.

The bid submitted by Taylor Made Hose meets all the requirements of the specification.
SUPPLEMENTARY COMMENTS:
Staff recommends that the contract be awarded to Texas Rural Water Association (TRWA) a non-local/ non-SMWVB organization, as the bidder who will provide the services at the best value for the System based on the selection criteria set forth below. Price and other factors have been considered. In determining the “best value”, the Evaluation Criteria listed below have been considered and weighted as shown.

A) Evaluation Committee: All properly submitted proposals were reviewed by an Evaluation Committee.

B) Weighted Evaluation Criteria: The following weighted criteria were considered to determine which proposal offers the “best value” to the System.

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Bidder’s Pricing</td>
<td>30</td>
</tr>
<tr>
<td>b. Experience –Core Competencies</td>
<td>20</td>
</tr>
<tr>
<td>c. Quality assurance plan, quality of training approach and course materials submitted</td>
<td>20</td>
</tr>
<tr>
<td>d. Class management ability</td>
<td>15</td>
</tr>
<tr>
<td>e. Small, Minority and Woman Business Program Compliance Stability</td>
<td>15</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

System received bids/ proposals from the following companies:

<table>
<thead>
<tr>
<th>NO</th>
<th>BIDDER</th>
<th>BID AMOUNT</th>
<th>BEST VALUE SCORE</th>
<th>LOCAL/ SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>*Texas Rural Water Association (TRWA)</td>
<td>$108,500.00&lt;br&gt;Ext 1: $108,500.00&lt;br&gt;Ext 2: $108,500.00&lt;br&gt;Ext 3: $108,500.00&lt;br&gt;Total: $434,000.00</td>
<td>301 points</td>
<td>Non-Local/ Non-SMWVB</td>
</tr>
<tr>
<td>2</td>
<td>Texas A&amp;M Engineering Extension Service (TEEX)</td>
<td>$144,750&lt;br&gt;Ext 1: $144,750&lt;br&gt;Ext 2: $144,750&lt;br&gt;Ext 3: $144,750&lt;br&gt;Total: $579,000</td>
<td>289 points</td>
<td>Non-Local/ Non-SMWVB</td>
</tr>
</tbody>
</table>

*Best Value Proposal
Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>Water and Wastewater Training Courses</th>
<th>TEXAS RURAL WATER ASSOCIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SMWVB ANALYSIS – BOARD AWARD</td>
</tr>
<tr>
<td>SBE</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - African American</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE – Asian*</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - Hispanic</td>
<td>3.50%</td>
</tr>
<tr>
<td>MBE - Other</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE - Minority</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE - Non-Minority</td>
<td>3.50%</td>
</tr>
<tr>
<td>SMWVB Total</td>
<td>7.00%</td>
</tr>
</tbody>
</table>

**PERIOD OF AWARD:**

Contract period shall begin on January 9, 2018 and shall end on December 31, 2018. The contract shall include three (3) additional one-year options to extend subject to future years budgets.

In determining the best value, staff considered relevant criteria specifically listed in the request for bid/ proposal. Staff has determined that *Texas Rural Water Association (TRWA)* will provide services at the best value to *System.*
<table>
<thead>
<tr>
<th>ITEM NO</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>120 ea. Attaching Water Meter Valve Lock, SAWS #36583</td>
</tr>
<tr>
<td>2</td>
<td>60 ea. Bolt Viper Service Lock, SAWS #36584</td>
</tr>
<tr>
<td>3</td>
<td>60 ea. Tri-Tool Viper Lock Size TT, SAWS #36585</td>
</tr>
<tr>
<td>4</td>
<td>60 ea. Tri-Tool Viper Lock Long, SAWS #36586</td>
</tr>
<tr>
<td>5</td>
<td>18 bags Strap Metal Viper Lock, SAWS #36587</td>
</tr>
<tr>
<td>6</td>
<td>25 bags Strap Plastic Viper Lock, SAWS #36988</td>
</tr>
<tr>
<td>7</td>
<td>60 ea. Straight Valve Lock - 5/8&quot; - 3/4&quot; Service, SAWS #48231</td>
</tr>
<tr>
<td>8</td>
<td>60 ea. Straight Valve Lock - 1&quot; - 1/2&quot; Service, SAWS #48232</td>
</tr>
<tr>
<td>10</td>
<td>60 ea. Large Valve Lock - 1/4&quot; Shaft, SAWS #48234</td>
</tr>
<tr>
<td>11</td>
<td>60 ea. Large Valve Lock - 2&quot; Shaft, SAWS #48235</td>
</tr>
<tr>
<td>12</td>
<td>60 ea. 4 x 5 Setter Valve Lock, SAWS #48236</td>
</tr>
<tr>
<td>13</td>
<td>60 ea. T-Key, SAWS #48237</td>
</tr>
</tbody>
</table>

TOTAL GROUP A: 101,458.00
# SAN ANTONIO WATER SYSTEM

**P. O. BOX 2449**  
**SAN ANTONIO, TEXAS 78298-2449**  
**TABULATION OF BIDS**

**PROPOSAL FOR:**  
Annual Contract for Meter Valve Locks  
(January 1, 2018 through December 31 2018)

**TIME & DATE:**  
3:00 p.m., November 13, 2017

---

<table>
<thead>
<tr>
<th>ITEM</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>EXTENSION 1</th>
<th>EXTENSION 2</th>
<th>EXTENSION 3</th>
<th>EXTENSION 4</th>
<th>Terms</th>
<th>Delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>101,458.00</td>
<td>101,458.00</td>
<td>101,458.00</td>
<td>101,458.00</td>
<td>Net 30 days</td>
<td>60 days</td>
</tr>
</tbody>
</table>

**BID INVITATIONS EMAILED TO AND/OR PICKED UP BY:**  
ACT Pipe & Supply  
Core and Main, LP  
Corix  
Ferguson Water Works  
Fortiline  
Inner-Tite  
McGard, LLC  
Meister Supply  
Demandstar  
SAWS Website

---

*LOW BIDDER*
# SAN ANTONIO WATER SYSTEM
## P. O. BOX 2449
## SAN ANTONIO, TEXAS 78298-2449

**TABULATION OF BIDS**

**Annual Contract for**

**General Digging Tools & Ladders**

**JANUARY 1, 2018 THROUGH DECEMBER 31, 2018**

**DATE:** 3:00 p.m., November 13, 2017

**ITEM NO.** | **DESCRIPTION AND APPROXIMATE QUANTITY** | **UNIT PRICE** | **TOTAL** | **MFG.** | **PART #** | **MANUFACTURER** | **PART #** | **MFG.**
---|---|---|---|---|---|---|---|---
1. & **GROUP 1 - SHOVELS**

<table>
<thead>
<tr>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
<th>MFG.</th>
<th>PART #</th>
</tr>
</thead>
<tbody>
<tr>
<td>500 ea.</td>
<td>Shovel, round point, blade type forged, closed back blade or solid shank, design forward turned step, blade size 8-3/4&quot; x 11-1/2&quot;, Handle Premium Northern Ash, high quality sealed coated handle length 47&quot;, weight 4.2 lb, #2 tempered Ames Part #1303900 or approved equal, SAWS #15937</td>
<td>24.76</td>
<td>12,380.00</td>
<td>Ames</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
<th>MFG.</th>
<th>PART #</th>
</tr>
</thead>
<tbody>
<tr>
<td>250 ea.</td>
<td>Shovel, square point, blade type extra thick 14 gauge, blade or solid shank design forward turned axe, weight 4.7 lb, blade size 9-3/4&quot; x 11-1/2&quot;, handle material premium, northern ash, handle length 48&quot;, handle type high quality seal coated Ames Part #10303500 or approved equal SAWS #15939</td>
<td>24.76</td>
<td>6,190.00</td>
<td>Ames</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
<th>MFG.</th>
<th>PART #</th>
</tr>
</thead>
<tbody>
<tr>
<td>250 ea.</td>
<td>Shovel, drain spade, blade type forged, solid back, blade design forward turned step, blade size 5-1/2&quot; x 16&quot;, handle material northern ash, handle length 37&quot;, handle type steel armor D, Ames Part #1231100, Union Tools 47110 or approved equal, SAWS #15936</td>
<td>50.66</td>
<td>12,665.00</td>
<td>Ames</td>
</tr>
</tbody>
</table>

**TOTAL GROUP 1**

**TOTAL** | 31,235.00 | 43,740.00

**GROUP 2 - MISCELLANEOUS DIGGING TOOLS**

<table>
<thead>
<tr>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
<th>MFG.</th>
<th>PART #</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 ea.</td>
<td>Bar, digging, San Angelo, pencil point, weight 14 lbs., Ames Part #1174800 or Union Tools 30664 o r approved equal, SAWS #9384</td>
<td>23.99</td>
<td>1,199.50</td>
<td>Union</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
<th>MFG.</th>
<th>PART #</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 ea.</td>
<td>Rake, type Bow Head, size 14&quot; with 14 teeth (3&quot; in length), style one piece forged steelhead, handle wooden and 60&quot; in length, Ames Part #1876800, Union Tools 63141 or approved equal, SAWS #15081</td>
<td>18.44</td>
<td>1,844.00</td>
<td>Union</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
<th>MFG.</th>
<th>PART #</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 ea.</td>
<td>Bar, Crow, size 26 pounds, wedge point 66&quot; long, 1 1/2&quot; stock, Warren Wedge Point #40, Ames Part #1162500 or approved equal, SAWS #9385</td>
<td>43.09</td>
<td>1,723.60</td>
<td>Ames</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
<th>MFG.</th>
<th>PART #</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 ea.</td>
<td>Hoe, type Cotton, head size 6 1/2&quot; x 7 x 5&quot;, handle size 54&quot; - 60&quot; in length, Ames Part #1857400, Union Tools 71112 or approved equal, SAWS #13112</td>
<td>22.07</td>
<td>441.40</td>
<td>Razor Back</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
<th>MFG.</th>
<th>PART #</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 ea.</td>
<td>Lute, Asphalt, blade head size 36&quot;, material aluminum, heavy-duty brace riveted to lute head Ames Part #65306C, Kraft # GG-836 or approved equal SAWS #13703</td>
<td>56.89</td>
<td>568.90</td>
<td>Ames</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
<th>MFG.</th>
<th>PART #</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 ea.</td>
<td>Moil Point, size 1 1/4&quot; x 6&quot; x 18&quot;, Tamco Part #4014-018, Vulcan Part #1024 Brunner &amp; Lay #A41018 or approved equal, SAWS #13799</td>
<td>22.02</td>
<td>440.40</td>
<td>TAMCO</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
<th>MFG.</th>
<th>PART #</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 ea.</td>
<td>Cutter, Asphalt, Size 1 1/4&quot; x 6&quot;, Tamco Part #4064-012, Vulcan Part #4064-012 or approved equal, SAWS #11329</td>
<td>53.59</td>
<td>1,071.80</td>
<td>TAMCO</td>
</tr>
</tbody>
</table>
# SAN ANTONIO WATER SYSTEM
P. O. BOX 2449
SAN ANTONIO, TEXAS 78298-2449

## TABULATION OF BIDS

**PROPOSAL**
Annual Contract for
**FOR:** General Digging Tools & Ladders
**TIME & DATE:** (January 1, 2018 through December 31, 2018)
**DATE:** 3:00 p.m., November 13, 2017

<table>
<thead>
<tr>
<th>item</th>
<th>description</th>
<th>unit</th>
<th>price</th>
<th>total</th>
<th>manufacturer</th>
</tr>
</thead>
<tbody>
<tr>
<td>60 ca.</td>
<td>Pick, Type Railroad Head only, Mfg. Razorback Part #30140, 6 pound for use with standard #6 handle, SAWS #14627</td>
<td>UNIT</td>
<td>12.57</td>
<td>754.20</td>
<td>Ames AMPCO</td>
</tr>
<tr>
<td>20 ea.</td>
<td>Hammer, Sledge Size 15” 4 pounds, Hickory Handle, Plumb #11529NN Stanley #56-804 or approved equal, SAWS #13033</td>
<td>UNIT</td>
<td>12.70</td>
<td>254.00</td>
<td>Apex Plumb</td>
</tr>
<tr>
<td>60 ea.</td>
<td>Hammer, Sledge Size 36”, 10 pounds, Solid Core Fiberglass Handle, with overstrike protection and comfort grip, SAWS #13031</td>
<td>UNIT</td>
<td>42.80</td>
<td>2,568.00</td>
<td>Razor Back Stanley</td>
</tr>
<tr>
<td>40 ea.</td>
<td>Hammer, Sledge Size 36”, 16 pounds, Solid Core Fiberglass Handle, with overstrike protection and comfort grip, SAWS #13032</td>
<td>UNIT</td>
<td>52.32</td>
<td>2,092.80</td>
<td>Ability One</td>
</tr>
<tr>
<td>80 ea.</td>
<td>Handle, Type Pick, 6 eye, Size 36”, used for #6 railroad pick head, Flame Seal, Part #751-365, Burney Ivory Handle Co. #220-19 or approved equal, SAWS #13049</td>
<td>UNIT</td>
<td>12.65</td>
<td>1,012.00</td>
<td>Bruner-Ivory Seymour Midwest</td>
</tr>
<tr>
<td>10 ea.</td>
<td>Ladder, Type Step, size 6’, material fiberglass, Werner #7306, Louisville</td>
<td>UNIT</td>
<td>101.43</td>
<td>1,395.60</td>
<td>Louisville</td>
</tr>
<tr>
<td>10 ea.</td>
<td>Ladder, Type Step, Size 8’, Material Fiberglass, Werner #7308, Louisville</td>
<td>UNIT</td>
<td>138.93</td>
<td>1,395.60</td>
<td>Louisville</td>
</tr>
<tr>
<td>10 ea.</td>
<td>Ladder, Type Extension, Size 20’, Material Aluminum, Werner #D520-2, Louisville</td>
<td>UNIT</td>
<td>230.17</td>
<td>2,301.70</td>
<td>Louisville</td>
</tr>
<tr>
<td>6 ea.</td>
<td>Ladder, Type Extension, Size 28’, Material Aluminum, Werner #D528-2, Louisville</td>
<td>UNIT</td>
<td>300.55</td>
<td>1,803.30</td>
<td>Louisville</td>
</tr>
<tr>
<td>50 ea.</td>
<td>Ladder, Type Single, Size 10’, Material Aluminum, Werner 510-1 or approved equal, SAWS #31424</td>
<td>UNIT</td>
<td>109.73</td>
<td>5,486.50</td>
<td>Louisville Werner</td>
</tr>
</tbody>
</table>

**TOTAL GROUP 2**
TOTAL 14,141.60 47,351.90

**GROUP 3 - LADDERS**
12 ea. | Ladder, Type Step, size 6', material fiberglass, Werner #7306, Louisville | UNIT | 101.43 | 1,395.60 | Louisville |
| 10 ea. | Ladder, Type Step, Size 8’, Material Fiberglass, Werner #7308, Louisville | UNIT | 138.93 | 1,395.60 | Louisville |
| 10 ea. | Ladder, Type Extension, Size 20’, Material Aluminum, Werner #D520-2, Louisville | UNIT | 230.17 | 2,301.70 | Louisville |
| 6 ea. | Ladder, Type Extension, Size 28’, Material Aluminum, Werner #D528-2, Louisville | UNIT | 300.55 | 1,803.30 | Louisville |
| 50 ea. | Ladder, Type Single, Size 10’, Material Aluminum, Werner 510-1 or approved equal, SAWS #31424 | UNIT | 109.73 | 5,486.50 | Louisville Werner |

**TOTAL GROUP 3**
TOTAL 12,197.96 21,475.04

**TOTAL AWARD GROUPS 1-3**
TOTAL 57,574.56
SAN ANTONIO WATER SYSTEM  
P. O. BOX 2449  
SAN ANTONIO, TEXAS 78298-2449  

TABULATION OF BIDS  

PROPOSAL  
Annual Contract for  
General Digging Tools & Ladders  

TIME & DATE:  
(January 1, 2018 through December 31, 2018)  
3:00 p.m., November 13, 2017

ITEM NO.  DESCRIPTION AND APPROXIMATE QUANTITY

| EXTENSION 1 | 57,574.56 |
| EXTENSION 2 | 57,574.56 |
| EXTENSION 3 | 57,574.56 |
| EXTENSION 4 | Terms  
   Delivery Days  
   Net 30 days  
   2-5 days  
   Net 30 days  
   2 days |

*LOW BIDDER

BID INVITATIONS E-MAILED TO AND/OR PICKED UP BY:

Alamo Iron Works  
Fastenal  
Grainger  
HD Supply  
Instant Data Technologies  
Mapa Distributors  
MSC Direct  
Mustang Equipment  
Royall-Matthiessen  
Sunbelt Mill Supply  

Demandstar  
SAWS Website
REQUEST FOR PROPOSAL
FOR
PURCHASE OF GPS/ AVL COMPONENT SOLUTION AND
THREE YEARS MONITORING
SAWS RFP # 17-1137

SUPPLEMENTARY COMMENTS:
Staff recommends that the contract be awarded to GoFleet. Non-Local/ Non-SMWB firm, as the bidder who will provide the equipment and services at the best value for the System based on the selection criteria set forth below. Price and other factors have been considered. In determining the “best value”, the Evaluation Criteria listed below have been considered and weighted as shown.

A) Evaluation Committee: All properly submitted proposals were reviewed by an Evaluation Committee.

B) Weighted Evaluation Criteria: The following weighted criteria were considered to determine which proposal offers the “best value” to the System.

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Pricing</td>
<td>30</td>
</tr>
<tr>
<td>b. Functionality, Usability and Project Approach</td>
<td>40</td>
</tr>
<tr>
<td>c. References and Similar Prior Experience</td>
<td>5</td>
</tr>
<tr>
<td>d. Additional Value Added Capabilities</td>
<td>10</td>
</tr>
<tr>
<td>e. Adherence to Small, Minority, Woman and Veteran Owned Business (SMWB) Participation (Exhibit “B” Good Faith Effort Plan)</td>
<td>15</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
</tr>
</tbody>
</table>

System received proposals from the following companies:

<table>
<thead>
<tr>
<th>NO</th>
<th>BIDDER</th>
<th>BID AMOUNT</th>
<th>BEST VALUE SCORE</th>
<th>LOCAL/ SMWB</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>GoFleet Corporation</td>
<td>Base Three Years: $1,408,726.00</td>
<td>429.13 points</td>
<td>Non-Local/ Non SMWB</td>
</tr>
<tr>
<td></td>
<td>RFID (Qty 1318): $158,160.00</td>
<td>Cameras (Qty 100): $64,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Base: $1,630,886.00</td>
<td>Ext 1: $399,325.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ext 2: $399,325.00</td>
<td>Total: $2,429,536.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>MarshallGIS</td>
<td>Base Three Years: $905,369.58</td>
<td>421.00 points</td>
<td>Non-Local/ Non SMWB</td>
</tr>
<tr>
<td></td>
<td>RFID (Qty 1318): $224,060.00</td>
<td>Cameras (Qty 100): did not quote</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Base: $1,129,429.58</td>
<td>Ext 1: $210,301.77</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ext 2: $210,301.77</td>
<td>Total: $1,550,033.12</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Company</td>
<td>Base Three Years: $</td>
<td>RFID (Qty 1318):</td>
<td>Cameras (Qty 100):</td>
</tr>
<tr>
<td>---</td>
<td>------------------</td>
<td>---------------------</td>
<td>------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>3</td>
<td>Cal Amp</td>
<td>1,334,471.60</td>
<td>257,010.00</td>
<td>did not quote</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total: $ 1,591,481.60</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ext 1: $ 367,352.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ext 2: $ 367,352.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total: $ 2,326,061.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>GPS Insight</td>
<td>1,192,538.44</td>
<td>did not quote</td>
<td>did not quote</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total: $ 1,740,448.34</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ext 1: $ 273,954.95</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ext 2: $ 273,954.95</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>GTS Technology Solutions</td>
<td>3,376,539.27</td>
<td>did not quote</td>
<td>did not quote</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total: $ 5,199,031.24</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ext 1: $ 910,778.61</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ext 2: $ 910,778.61</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>SkyHawk</td>
<td>1,607,804.00</td>
<td>did not quote</td>
<td>did not quote</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total: $ 2,264,594.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ext 1: $ 328,395.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ext 2: $ 328,395.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>thingtech</td>
<td>1,515,934.00</td>
<td>did not quote</td>
<td>did not quote</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total: $ 2,490,223.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ext 1: $ 371,819.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ext 2: $ 371,819.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Synovia Solutions</td>
<td>1,504,542.16</td>
<td>did not quote</td>
<td>did not quote</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total: $ 2,487,158.16</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ext 1: $ 298,880.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ext 2: $ 298,880.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>bsm technologies</td>
<td>1,241,982.00</td>
<td>did not quote</td>
<td>did not quote</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total: $ 1,821,160.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 10 | Fleet Analytics | Base Three Years: $979,820.00  
RFID (Qty 1318): $329,500.00  
Cameras (Qty 100):  
Total Base: $1,309,320.00  
Ext 1: $242,240.00  
Ext 2: $242,240.00  
Total: $1,793,800.00 | 288.00 points | Non-Local/ Non-SMWB |
| 11 | AT&T/ AT&T Fleet Complete | Base Three Years: $1,470,413.52  
RFID (Qty 1318): did not quote  
Cameras (Qty 100): did not quote  
Total Base: $1,470,413.52  
Ext 1: $396,912.84  
Ext 2: $396,912.84  
Total: $2,264,239.20 | 251.41 points | Local/ Non-SMWB |
| 12 | AssetWorks | Non-Responsive  
Did not meet minimum requirements |
| 13 | Fleetistics | Non-Responsive  
Did not meet minimum requirements |
| 14 | GPS.MyGovernmentOnline | Non-Responsive  
Did not meet minimum requirements |
| 15 | Digital Ally | Non-Responsive  
Did not meet minimum requirements |

*Best Value Proposal*

Additionally, the overall SMWB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>SMWB ANALYSIS – BOARD AWARD</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SBE</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - African American</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - Asian</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - Hispanic</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - Other</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE - Minority</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE - Non-Minority</td>
<td>0.00%</td>
</tr>
<tr>
<td>SMWB Total</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

**PERIOD OF AWARD:**

Contract period shall begin on January 9, 2018 and shall end on January 8, 2021. The contract shall include two (2) additional one-year options to extend subject to future years budgets.
In determining the best value, staff considered relevant criteria specifically listed in the request for proposal. Staff has determined that GoFleet will provide equipment and services at the best value to System.
TO: San Antonio Water System Board of Trustees

FROM: Gail Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF CONSTRUCTION CONTRACT IN CONNECTION WITH THE JONES MALTSBERGER AT THE QUARRY PROJECT

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract in the amount of $429,303.00 to T Construction, LLC, a non-local, non-SMWVB firm, in connection with the Jones Maltsberger at the Quarry Project.

- The contract that is the subject of the attached resolution will, if approved, authorize work that is required by the Consent Decree for the Jones Maltsberger at the Quarry Project between the San Antonio Water System, the United States of America, and the State of Texas that was lodged in the United States District Court for the Western District of Texas on July 23, 2013.

- This contract will be used to rehabilitate sewer mains in need of repair based on condition assessment.

- This contract will be for the rehabilitation of approximately 119 feet of 8-inch PVC sewer pipe, 26 feet of 12-inch PVC sewer pipe by open cut, 143 feet of 12-inch carrier pipe and 130 feet of 24-inch steel casing by bore. Additionally, three new manholes will be installed and two manholes will be replaced.

- T Construction, LLC has submitted the lowest responsible bid of $429,303.00.

Staff recommends that the Board approve this resolution.

FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2017 Capital Improvement Program. This project is included in the Wastewater Core Business budget line item. The amount is $429,303.00 for wastewater related construction work under job number 16-4513.
SUPPLEMENTARY COMMENTS:

Lockwood, Andrews, & Newnam, Inc. prepared the bid proposal and specifications for the project. A bid opening was held on December 8, 2017, at 2:00 PM. The following bids were submitted:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Bid Amount</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>T Construction, LLC*</td>
<td>$429,303.00</td>
<td>Non–Local/Non–SMWVB</td>
</tr>
<tr>
<td>E-Z Bel Construction, LLC</td>
<td>$470,700.00</td>
<td>Local/MBE–Hispanic</td>
</tr>
<tr>
<td>D Guerra Construction</td>
<td>$521,403.00</td>
<td>Local/MBE–Hispanic</td>
</tr>
<tr>
<td>Facilities Rehabilitation, Inc.</td>
<td>$596,190.00</td>
<td>Local/MBE–Hispanic</td>
</tr>
<tr>
<td>Engineer’s Estimate</td>
<td>$661,110.00</td>
<td></td>
</tr>
<tr>
<td>Atlas Construction Corporation</td>
<td>$684,455.00</td>
<td>Local/MBE–Hispanic</td>
</tr>
<tr>
<td>Pronto Sandblasting &amp; Coating &amp; Oilfield Services, Co., Inc.</td>
<td>$1,244,905.00</td>
<td>Local/MBE–Hispanic</td>
</tr>
</tbody>
</table>

*Lowest Responsible Bidder

The engineer’s estimated construction cost for this project is $661,110.00 and the contractor’s construction cost is $429,303.00. The difference is 35.1 percent decrease from the Engineer’s estimated construction cost.

Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>Jones Maltsberger at the Quarry Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>T Construction, LLC</td>
</tr>
<tr>
<td><strong>SMWVB Analysis – Board Award</strong></td>
</tr>
<tr>
<td>SBE</td>
</tr>
<tr>
<td>MBE – African American</td>
</tr>
<tr>
<td>MBE – Asian</td>
</tr>
<tr>
<td>MBE – Hispanic</td>
</tr>
<tr>
<td>MBE – Other</td>
</tr>
<tr>
<td>WBE – Minority</td>
</tr>
<tr>
<td>WBE – Non–Minority</td>
</tr>
<tr>
<td><strong>SMWVB Total</strong></td>
</tr>
</tbody>
</table>
Award of Construction Contract
Jones Maltsberger at the Quarry Project

Gail Hamrick-Pigg, P.E.
Director
Pipelines

APPROVED:

Andrea L.H. Beymer, P.E.
Vice President
Engineering and Construction

Robert R. Puente
President/Chief Executive Officer

Attachments:
1. Project Area Map
2. Project Site Map
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ACCEPTING THE BID OF T CONSTRUCTION, LLC IN THE AMOUNT OF $429,303.00 IN CONNECTION WITH THE JONES MALTSBERGER AT THE QUARRY CONSTRUCTION PROJECT; AWARDING A CONSTRUCTION CONTRACT TO OF T CONSTRUCTION, LLC IN THE AMOUNT OF $429,303.00 FOR THE PROJECT WORK; APPROVING EXPENDITURES AND MAKING AVAILABLE AN AMOUNT NOT TO EXCEED $429,303.00 FROM THE SYSTEM’S PROJECT FUND FOR THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONSTRUCTION CONTRACT WITH T CONSTRUCTION, LLC AND TO PAY T CONSTRUCTION, LLC AN AMOUNT NOT TO EXCEED $429,303.00 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, this contract will be used to rehabilitate sewer mains in need of repair based on condition assessment; and

WHEREAS, the San Antonio Water System (the “System”) has solicited bids for the project work; and

WHEREAS, T Construction, LLC, a non–local, non–SMWVB firm, is declared the lowest responsible bidder and has submitted the low responsible bid of $429,303.00 for the project work; and

WHEREAS, System funds in the amount of $429,303.00 are required for the project work; and

WHEREAS, the total amount of $429,303.00 is available from the System’s Project Fund for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to accept the bid of T Construction, LLC in the amount of $429,303.00 in connection with the Jones Maltsberger at the Quarry Construction Project, (ii) to award a construction contract to T Construction, LLC in the amount $429,303.00 for the project work, (iii) to approve a total expenditure and make available an amount not to exceed $429,303.00 from the System’s Project Fund for the project work, and (iv) to authorize the President/Chief Executive Officer or
his duly appointed designee to execute a contract with T Construction, LLC and to pay T Construction, LLC an amount not to exceed $429,303.00 for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the bid of T Construction, LLC in the amount of $429,303.00 for the project work in connection with the Jones Maltsberger at the Quarry Construction Project is hereby accepted.

2. That a construction contract in the amount of $429,303.00 for the project work is hereby awarded to T Construction, LLC.

3. That a total sum not to exceed $429,303.00 for the project work is hereby made available and is to be expended from the System’s Project Fund.

4. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a standard contract for general construction with T Construction, LLC and to pay T Construction, LLC the amount not to exceed $429,303.00 for the project work in connection with the Jones Maltsberger at the Quarry Construction Project.

5. It is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public, and that the public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

6. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.
7. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 9th day of January, 2018.

______________________________

Berto Guerra, Jr., Chairman

ATTEST:

______________________________

Ernesto Arrellano, Jr., Secretary
AGENDA ITEM NO. 8

TO: San Antonio Water System Board of Trustees

FROM: Gail A. Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPROVAL OF CHANGE ORDER NO. 5 IN CONNECTION WITH THE C-12 DONALDSON TERRACE PROJECT

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution approves Change Order No. 5 in the amount of $147,853.60 payable to S.J. Louis Construction of Texas, Ltd., a local, non-SMWVB contractor, in connection with the C-12 Donaldson Terrace Project.

- The change order to the contract that is the subject of the attached resolution will authorize work that is required by Section V. B. Early Action Program of the Consent Decree between the San Antonio Water System (the “System”), the United States of America and the State of Texas that was lodged in the United States District Court for the Western District of Texas on July 23, 2013.

- This project was identified in the Comprehensive Wastewater Master Plan development by the System’s Master Planning Division. This project will replace sewer pipe, which is in poor condition and requires additional capacity.

- The C-12 Donaldson Terrace Project includes the construction of approximately two miles of 8-inch through 30-inch gravity sewer pipeline. Project limits extend from Mulberry Avenue to Babcock Road along Morning Glory, Senisa Drive, St. Cloud, Donaldson Avenue, Evelyn Drive, E. Sunshine Drive, and Overbrook Drive.

- On September 13, 2016, the System’s Board of Trustees, through Resolution No. 16-236, authorized a construction contract with S.J. Louis Construction of Texas, Ltd., in the total amount of $6,758,717.46 in connection with the project work.

- Change Order No. 1 in the amount of $95,266.65 provided for additional waterline.

- Change Order No. 2 in the amount of $1,760.00 provided for a transition coupling utilized for the connection of 21-inch pipeline to a 24-inch pipeline.

- Change Order No. 3 in the amount of $167,607.52 provided for full mill and overlay road reconstruction.
Change Order No. 4 in the amount of $173,491.74 provided for additional tunneling to address CPS Energy staff’s concerns regarding sewer main crossing under existing larger natural gas pipelines.

During construction, existing asbestos concrete pipe was encountered in Overbrook Drive where System plans of record indicated that the existing pipe was made of PVC. Asbestos concrete pipe requires additional special handling methods to remove and dispose of in accordance with health and safety regulations.

Change Order No. 5 in a total amount not to exceed $147,853.60 provides for the costs associated with the removal and disposal of the asbestos pipe.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The Project Fund will finance this additional expenditure included in the CY 2016 Capital Improvement Program. This project is included in the Wastewater Core Business budget line item. The amount is $147,853.60 for Change Order No. 5 and funds will be transferred from the 2017 Owner Controlled Construction Changes line item. The job number is 13-2506.

The authorization and contract amounts for this project are as follows:

<table>
<thead>
<tr>
<th>Contract:</th>
<th>Amount Authorized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Contract Amount (Resolution No. 16-236)</td>
<td>$6,758,717.46</td>
</tr>
<tr>
<td>Change Order Nos. 1 through 4</td>
<td>438,125.91</td>
</tr>
<tr>
<td>Proposed Change Order No. 5</td>
<td>147,853.60</td>
</tr>
<tr>
<td>Revised Contract Amount</td>
<td>$7,344,696.97</td>
</tr>
</tbody>
</table>

The new contract amount for the System’s work as a result of all change orders is $7,344,696.97, which represents an increase of 8.67 percent from the original contract amount.

**SUPPLEMENTARY COMMENTS:**

The original completion date for this contract was March 24, 2018. As a result of the previous change orders and this change order, which adds a total of 35 days, the contract has been extended and the completion date is April 28, 2018.
Approval of Change Order No. 5
C-12 Donaldson Terrace Project

Gail A. Hamrick-Pigg, P.E.  Andrea L.H. Beymer, P.E.
Director  Vice President
Pipelines  Engineering and Construction

APPROVED:

Robert R. Puente
President/Chief Executive Officer

Attachments:
1. Project Area Map
2. Project Site Map
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING CHANGE ORDER NO. 5 IN THE AMOUNT OF $147,853.60 FOR THE ADDITIONAL PROJECT WORK IN CONNECTION WITH THE C-12 DONALDSON TERRACE PROJECT; AMENDING RESOLUTION NO. 16-236 BY APPROVING AN ADDITIONAL AMOUNT NOT TO EXCEED $147,853.60 BE MADE AVAILABLE AND EXPENDED FROM THE SYSTEM’S PROJECT FUND FOR THE ADDITIONAL PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DUTY APPOINTED DESIGNEE TO EXECUTE CHANGE ORDER NO. 5, AND TO PAY S.J. LOUIS CONSTRUCTION OF TEXAS, LTD. AN ADDITIONAL AMOUNT NOT TO EXCEED $147,853.60 FOR ADDITIONAL PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, C-12 Donaldson Terrace Project (the “Project”) was identified in the Comprehensive Wastewater Master Plan developed by the San Antonio Water System’s (the “System”) Master Planning Division to repair or replace mains in poor condition due to deterioration and requires additional capacity; and

WHEREAS, this project includes the construction of approximately two miles of 8-inch through 30-inch gravity sewer pipeline with the project limits extending from Mulberry Avenue to Babcock Road along Morning Glory, Senisa Drive, St. Cloud, Donaldson Avenue, Evelyn Drive, and Overbrook Drive; and

WHEREAS, on September 13, 2016, the Board of Trustees, through Resolution No. 16-236, authorized a construction contract with S.J. Louis Construction of Texas, Ltd. in the amount of $6,758,717.46 in connection with the project work; and

WHEREAS, during construction asbestos concrete pipe was encountered where records indicated PVC pipe would be found and asbestos concrete pipe requires additional special handling methods to remove and dispose of in accordance with health and safety regulations; and

WHEREAS, negotiations between the System and S.J. Louis Construction of Texas, Ltd. resulted in a cost of $147,853.60 for Change Order No. 5 for the additional project work; and

WHEREAS, additional System funds in an amount not to exceed $147,853.60 are required in connection with the project work; and
WHEREAS, funds are available in the System’s Project Fund; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve Change Order No. 5 in the amount not to exceed $147,853.60 payable to S.J. Louis Construction of Texas, Ltd. in connection with the C-12 Donaldson Terrace Project, (ii) to amend Resolution No. 16-236 by approving an additional amount not to exceed $147,853.60 be made available and expended from the System’s Project Fund for additional project work, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to execute Change Order No. 5 and to pay an additional amount not to exceed $147,853.60 to S.J. Louis Construction of Texas, Ltd. for additional project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That Change Order No. 5 in an amount not to exceed $147,853.60 payable to S.J. Louis Construction of Texas, Ltd. in connection with the C-12 Donaldson Terrace Project is hereby approved.

2. That Resolution No. 16-236 is hereby amended by authorizing an additional amount not to exceed $147,853.60 payable to S.J. Louis Construction of Texas, Ltd. in connection with the C-12 Donaldson Terrace Project.

3. That an additional sum not to exceed $147,853.60 is hereby made available and is to be expended from the System’s Project Fund.

4. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute Change Order No. 5 and to pay S.J. Louis Construction of Texas, Ltd. an additional amount not to exceed $147,853.60 for additional project work in connection with the C-12 Donaldson Terrace Project.

5. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

6. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.

7. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 9th day of January, 2018.

____________________________
Berto Guerra, Jr., Chairman

ATTEST:

____________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Gail Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPROVAL OF RECAPITULATION CHANGE ORDER NO. 3 IN CONNECTION WITH THE C_13 BROADWAY CORRIDOR PROJECT PACKAGES 2.C AND 4.C

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution approves Recapitulation Change Order No. 3 in the decreased amount of $457,663.00 to be credited to the construction contract with SAK Construction, LLC, a non-local, non-SMWVB firm, in connection with the C_13 Broadway Corridor Project Packages 2.C and 4.C and closes the contract.

- The contract that is the subject of the attached resolution will authorize work that is required by Section V.B. Early Action Program of the Consent Decree between the San Antonio Water System (the “System”), the United States of America, and the State of Texas that was lodged in the United States District Court for the Western District of Texas on July 23, 2013.

- This project was identified by the Sanitary Sewer Overflow Reduction Team as in need of replacement based on condition assessment and lacks sufficient capacity to handle future sewer flows due to growth and during peak storm events.

- The C_13 Broadway Corridor Project Packages 2.C and 4.C included the rehabilitation of approximately 9,000 feet of 24-inch to 39-inch gravity sewer main along Broadway between Grayson and 12th Street, and along Losoya between McCullough and Market.

- The Board, by Resolution No. 16-303, adopted December 14, 2016, authorized the award of the construction contract for this project to SAK Construction, LLC, a non-local, non-SMWVB contractor, in the amount of $2,275,490.00.

- During construction portions of the project, approximately 0.26 miles of 33-inch sewer main including three siphons, were removed from the project. This was due to the existing pipe being in acceptable condition.

- Change Order No. 3 recapitulates the construction contract quantities in the total decreased amount of $457,633.00.
Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The Project Fund will finance this expenditure included in the CY 2014 Capital Improvement Program. This project is included in the Wastewater Core Business, Main Replacements Category, the C_13 Broadway Corridor Project Packages 2.C and 4.C. budget line item. The total amount is $2,275,490.00 for sewer related construction work. The job numbers are 15-4511 and 15-4514.

The authorizations for this project are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount Authorized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Contract Amount (Resolution No. 16-303)</td>
<td>$2,275,490.00</td>
</tr>
<tr>
<td>Change Order Nos. 1 &amp; 2</td>
<td>(14,338.17)</td>
</tr>
<tr>
<td>Proposed Recapitulation Change Order No. 3</td>
<td>(457,663.00)</td>
</tr>
<tr>
<td>Revised Contract Amount</td>
<td>1,803,488.83</td>
</tr>
<tr>
<td>Total Remaining Balance Returned</td>
<td>$472,001.17</td>
</tr>
</tbody>
</table>

As a result of previous change orders and Recapitulation Change Order No. 3, the revised contract amount is $1,803,488.83. This represents a 20.7 percent decrease to the original bid amount.
SAN ANTONIO WATER SYSTEM
PROJECT AREA MAP
ATTACHMENT I

LEGEND
★★ PROJECT SITE
 substring: EDWARDS AQUIFER RECHARGE ZONE

C 3 BROADWAY CORRIDOR PROJECT - PACKAGE 2.C AND 4.C
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING RECAPITULATION CHANGE ORDER NO. 3 IN THE DECREASED AMOUNT OF $457,663.00 TO BE CREDITED TO THE CONSTRUCTION CONTRACT WITH SAK CONSTRUCTION, LLC IN CONNECTION WITH THE C_13 BROADWAY CORRIDOR PROJECT PACKAGES 2.C AND 4.C; AUTHORIZING THE RETURN OF FUNDS IN THE AMOUNT OF $472,001.17 TO THE SYSTEM’S PROJECT FUND; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE RECAPITULATION CHANGE ORDER NO. 3 AND CLOSE THE CONTRACT WITH SAK CONSTRUCTION, LLC; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, this project included the rehabilitation with cured-in-place pipe of approximately 9,000 feet of 18-inch to 36-inch sewer main, along Broadway and Losoya from Market to McCullough and along Broadway from 12th Street to Grayson; and

WHEREAS, the San Antonio Water System Board of Trustees by Resolution No. 16-303, adopted December 13, 2016, awarded a construction contract to SAK Construction, LLC, a non-local, non-SMWVB firm, and approved the expenditure of $2,275,490.00 to pay for the System’s project work; and

WHEREAS, Change Order No. 3 recapitulates the C_13 Broadway Corridor Project Packages 2.C and 4.C contract quantities in the total decreased amount of $453,667.00; and

WHEREAS, the construction of this project is complete; and

WHEREAS, System funds in the amount of $472,001.17 are returned to the project fund; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve Recapitulation Change Order No. 3 in the decreased amount of $457,663.00 to the construction contract with SAK Construction, LLC in connection with the C_13 Broadway Corridor Project Packages 2.C and 4.C., (ii) to return funds in the amount of $472,001.17 to the System’s Project Fund, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to execute Recapitulation Change Order No. 3 and close the contract; now, therefore:
BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That Recapitulation Change Order No. 3 in the decreased amount of $453,667.00 to the construction contract with SAK Construction, LLC in connection with the C_13 Broadway Corridor Project Packages 2.C and 4.C is hereby approved.

2. That funds in the amount of $472,001.17 are hereby returned to the System’s Project Fund.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute Recapitulation Change Order No. 3 to the construction contract between the System and SAK Construction, LLC in connection with the C_13 Broadway Corridor Project Packages 2.C and 4.C and to close the contract.

4. It is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public, and that the public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 9th day of January, 2018.

__________________________
Berto Guerra, Jr., Chairman

ATTEST:

__________________________
Ernesto Arrellano, Jr., Secretary
AGENDA ITEM NO. 10

TO:       San Antonio Water System Board of Trustees

FROM:    Michael L. Myers, P.E., Director, Plants and Major Projects, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH:  Robert R. Puente, President/Chief Executive Officer

SUBJECT:  AWARD OF PROFESSIONAL SERVICES CONTRACT IN CONNECTION WITH THE TREATMENT FACILITIES ENGINEERING WORK ORDER CONTRACT

Board Action Date:  January 9, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution awards a professional services contract to Arcadis U.S., Inc., a local, non-SMWVB firm, and authorizes funds in the amount of $700,000.00 in connection with the Treatment Facilities Engineering Work Order Contract.

- The San Antonio Water System’s (the “System”) engineering staff routinely hires engineering consultants to design most Capital Improvement Program (CIP) projects for wastewater treatment and biosolids handling facilities, wastewater, water and recycle water pump stations, recycle water system, lift stations, odor control stations, cooling facilities through the Request for Qualifications; however, assistance is required to meet unspecified CIP projects that are identified as “urgent” and with limited scope of services.

- The use of design engineering work order contracts allow these projects to be assigned as soon as they are identified, thereby avoiding delays associated with the selection of individual consultants needed for large projects. This practice will ensure that the System is able to meet the requested expedited design schedules.

- Projects will be assigned to the contract on a work order basis as they are identified. The scope of services and fees will be negotiated for each project prior to authorization to proceed.

- The scope of work may include geotechnical and field survey, potholing and subsurface utility investigation, right of way services, permitting or permit application assistance, public meetings/hearings attendance, coordination with other utilities, agencies and consultants, providing sewer main cleaning and television inspections, civil, structural, mechanical, electrical, instrumentation and controls, and environmental services, preliminary engineering evaluation and recommendations, preparation of design plans, specifications, construction cost estimates, schedules, and bid documents, assistance during bidding, assistance during construction by reviewing contractor submittals and shop
drawings, responding to contractor questions, preparation of request for proposals and all associated documents, review of contractor pay requests, participating in equipment performance testing, substantial and final acceptance inspections, commissioning, preparation of construction acceptance documents, and involvement in other related construction phase services that may be necessary due to the nature of a project.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The Project Fund will finance this expenditure included in the CY 2018 Capital Improvement Program. The work is included in the Wastewater Core Business, Treatment, Treatment Facilities Engineering Work Order Contract (2018) budget line item. The total contract amount will not exceed $700,000.00. The job number is 18-6502.

**SUPPLEMENTARY COMMENTS:**

This contract will be valid for two years from the date of execution. Six firms responded to the Request for Qualifications. Arcadis U.S., Inc. was selected through the System’s Architect/Engineer Selection procedure as a qualified consultant. The submitting firms are as follows:

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arcadis U.S., Inc.*</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>Black &amp; Veatch Corporation</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>CP&amp;Y, Inc.</td>
<td>Local/MBE–Asian</td>
</tr>
<tr>
<td>Garver, LLC</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>S&amp;GE, L.L.C.</td>
<td>Local/WBE–Hispanic</td>
</tr>
<tr>
<td>Whitman, Requardt and Associates, L.L.P.</td>
<td>Local/Non–SMWVB</td>
</tr>
</tbody>
</table>

*Selected Firm

Arcadis U.S., Inc. proposed to use the following sub-consultants for services on this contract:

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Percent of Fee</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arias and Associates, Inc.</td>
<td>5.00%</td>
<td>Local/MBE–Hispanic</td>
</tr>
<tr>
<td>Bain Medina Bain, Inc.</td>
<td>8.00%</td>
<td>Local/WBE–Caucasian</td>
</tr>
<tr>
<td>Gupta and Associates, Inc.</td>
<td>10.00%</td>
<td>Local/MBE–Asian</td>
</tr>
<tr>
<td>Signature Automation, LLC</td>
<td>8.00%</td>
<td>Local/MBE–Hispanic</td>
</tr>
<tr>
<td>Structural Engineering Associates, Inc.</td>
<td>7.00%</td>
<td>Local/MBE–Hispanic</td>
</tr>
<tr>
<td>The Rios Group, Inc.</td>
<td>2.00%</td>
<td>Local/WBE–Hispanic</td>
</tr>
</tbody>
</table>
Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>Treatment Facilities Engineering Work Order Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arcadis U.S., Inc.</td>
</tr>
<tr>
<td>SMWVB Analysis – Board Award</td>
</tr>
<tr>
<td>SBE</td>
</tr>
<tr>
<td>MBE – African American</td>
</tr>
<tr>
<td>MBE – Asian</td>
</tr>
<tr>
<td>MBE – Hispanic</td>
</tr>
<tr>
<td>MBE – Other</td>
</tr>
<tr>
<td>WBE – Minority</td>
</tr>
<tr>
<td>WBE – Non–Minority</td>
</tr>
<tr>
<td>SMWVB Total</td>
</tr>
</tbody>
</table>

Michael L. Myers, P.E.  
Director  
Plants and Major Projects

Andrea L.H. Beymer, P.E.  
Vice President  
Engineering and Construction

Robert R. Puente  
President/Chief Executive Officer

APPROVED:
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ACCEPTING THE PROPOSAL OF ARCADIS U.S., INC. IN THE AMOUNT OF $700,000.00 IN CONNECTION WITH THE TREATMENT FACILITIES ENGINEERING WORK ORDER CONTRACT; AWARDING A PROFESSIONAL SERVICES CONTRACT TO ARCADIS U.S., INC. IN THE AMOUNT OF $700,000.00 FOR THE PROJECT ENGINEERING WORK; APPROVING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $700,000.00 FROM THE SYSTEM’S PROJECT FUND FOR THE PROJECT ENGINEERING WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A PROFESSIONAL SERVICES CONTRACT WITH ARCADIS U.S., INC. AND TO PAY ARCADIS U.S., INC. AN AMOUNT NOT TO EXCEED $700,000.00 FOR THE PROJECT ENGINEERING WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System’s (the “System”) engineering staff routinely hires engineering consultants to design most Capital Improvement Program (CIP) projects for water production and transmission, heating and cooling, building, recycle, and wastewater collection and treatment facilities through the Request for Qualifications; however, assistance is required to meet unspecified CIP projects that are identified as “urgent” and with limited scope of services; and

WHEREAS, the System requires professional engineering services for the design in connection with such projects (the “project engineering work”); and

WHEREAS, Arcadis U.S., Inc., a local non-SMWVB firm, was selected through the System’s Architect/Engineer Selection Procedure for the project engineering work; and

WHEREAS, a contract in an amount not to exceed $700,000.00 is to be awarded to Arcadis U.S., Inc.; and

WHEREAS, the amount of $700,000.00 is available from the System’s Project Fund for the project engineering work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to accept
the proposal of Arcadis U.S., Inc. in the amount of $700,000.00 in connection with the Treatment Facilities Engineering Work Order Contract, (ii) to award a professional services contract to Arcadis U.S., Inc. in the amount of $700,000.00 for the project engineering work, (iii) to authorize the expenditure of funds in an amount not to exceed $700,000.00 for the project engineering work, (iv) to make available an amount not to exceed $700,000.00 from the System's Project Fund for project engineering work, and (v) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a professional services contract with Arcadis U.S., Inc. and to pay Arcadis U.S., Inc. an amount not to exceed $700,000.00 to for the project engineering work; now, therefore:

**BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:**

1. That the proposal of Arcadis U.S., Inc. for the project engineering work in connection with the Treatment Facilities Engineering Work Order Contract is hereby accepted.

2. That a professional services contract is hereby awarded to Arcadis U.S., Inc. in the amount of $700,000.00 for the project engineering work.

3. That the expenditure of funds in an amount not to exceed $700,000.00 for the project engineering work is hereby approved.

4. That an amount not to exceed $700,000.00 for the project engineering work is hereby made available, and is to be expended from the System’s Project Fund.

5. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a professional services contract with Arcadis U.S., Inc. and to pay Arcadis U.S., Inc. an amount not to exceed $700,000.00 for the project engineering work.

6. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

7. If any part, section, paragraph, sentence, phrase, or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

8. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 9th day of January, 2018.

ATTEST:

_________________________________
Berto Guerra, Jr., Chairman

_________________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Gail Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AUTHORIZATION TO REIMBURSE THE CITY OF SAN ANTONIO IN CONNECTION WITH THE 2017-2018 ASPHALT OVERLAY CONTRACT PACKAGE 7

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution authorizes the President/Chief Executive Officer to reimburse the City of San Antonio (the “City”) in the amount of $101,750.00 for the joint construction of water and sewer facility adjustments in connection with the 2017-2018 Asphalt Overlay Contract Package 7.

- The City plans to apply an asphalt overlay throughout the city in connection with the 2017-2018 Asphalt Overlay Contract Package 7 for Transportation and Capital Improvements. The City’s work is estimated to cost $2,290,565.00.

- Existing water valve box covers and manhole covers within the project boundaries may require adjustment to match the final grade of the new pavement.

- The work will consist of adjusting 235 existing water valve box covers and 225 existing manhole covers at an estimated cost of $101,750.00.

- Bid item quantities for the adjustment of water valve box covers and manhole covers were included in the City’s bid documents. Funds for this work will be reimbursed to the City as payments to the contractor are made.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2018 Capital Improvement Program. The water work is included in the Water Delivery Core Business, Governmental – Water Category, and Governmental Water Replacements budget line item. The amount is $35,250.00 for water work. The job number is 17-5148-000.

The wastewater work is included in the Wastewater Core Business, Governmental Wastewater Category, and Governmental Wastewater Replacements budget line item. The amount is $66,500.00 for sewer work. The job number is 17-5629-000.

SUPPLEMENTARY COMMENTS:

The City received eight bids for this project on October 24, 2017. The lowest qualified, responsive bidder for this project is San Antonio Constructors, Ltd., a local, SBE contractor. City Council approved the construction contract on December 14, 2017 and construction is expected to begin January 2018. Time allowed for total construction is 180 calendar days. The request for reimbursement is requested after City Council approved the award of the construction contract to ensure that the contract is awarded, to determine which contractor was awarded the project, to give the System’s staff time to review the bids and establish the reimbursement amount based on the winning bid.

Gail Hamrick-Pigg, P.E.
Director Pipelines

Andrea L.H. Beymer, P.E.
Vice President Engineering and Construction

APPROVED:

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING THE EXPENDITURE OF FUNDS IN THE AMOUNT OF $101,750.00 FOR THE ADJUSTMENT OF WATER AND SEWER FACILITIES BY THE CITY OF SAN ANTONIO IN CONNECTION WITH THE 2017-2018 ASPHALT OVERLAY CONTRACT PACKAGE 7; APPROVING AN AMOUNT NOT TO EXCEED $101,750.00 BE MADE AVAILABLE AND EXPENDED FROM THE SYSTEM’S PROJECT FUND FOR THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO PAY THE CITY OF SAN ANTONIO AN AMOUNT NOT TO EXCEED $101,750.00 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City of San Antonio (the “City”) will construct street improvements in connection with the 2017-2018 Asphalt Overlay Contract Package 7; and

WHEREAS, the 2017-2018 Asphalt Overlay Contract Package 7 will require the adjustment of certain water and sewer facilities of the San Antonio Water System (the “System”); and

WHEREAS, the City has received a bid for the project work from San Antonio Constructors, Ltd., in the amount of $101,750.00 and this bidder has been determined to be the lowest responsible bidder; and

WHEREAS, System funds in the amount of $101,750.00 are required for the project work; and

WHEREAS, the total amount of $101,750.00 is available from the System’s Project Fund for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the expenditure of funds in the amount of $101,750.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2017-2018 Asphalt Overlay Contract Package 7, (ii) to approve and make available an amount not to exceed $101,750.00 from the System’s Project Fund to reimburse the City of San Antonio for the project work, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to pay an amount not to exceed $101,750.00 to the City of San Antonio for the project work; now, therefore:
BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF
TRUSTEES:

1. That the expenditure of funds in the amount of $101,750.00 for the adjustment of water
and sewer facilities by the City in connection with the 2017-2018 Asphalt Overlay Contract
Package 7 is hereby approved.

2. That a sum not to exceed $101,750.00 to reimburse the City for the project work costs is
hereby made available and is to be expended from the System’s Project Fund.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby
authorized to pay the City an amount not to exceed $101,750.00 for the adjustment of water and
sewer facilities by the City in connection with the 2017-2018 Asphalt Overlay Contract Package.

4. It is officially found, determined and declared that the meeting at which this resolution is
adopted was open to the public, and that public notice of the time, place and subject matter of the
public business to be conducted at such meeting, including this resolution, was given to all as
required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase, or word of this resolution is for any reason
held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon
any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective,
the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted
without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 9th day of January, 2018.

_________________________________
Berto Guerra, Jr., Chairman

ATTEST:

_________________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Gail Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AUTHORIZATION TO REIMBURSE THE CITY OF SAN ANTONIO IN CONNECTION WITH THE 2018-2019 CONCRETE PAVEMENT/FLATWORK TASK ORDER CONTRACT PACKAGE 5

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution authorizes the President/Chief Executive Officer to reimburse the City of San Antonio (the “City”) in the amount of $129,100.00 for the joint construction of water and sewer facility adjustments in connection with the 2018-2019 Concrete Pavement/Flatwork Task Order Contract Package 5.

- The City plans to complete numerous sidewalk and pedestrian-related projects throughout the city in connection with the 2018-2019 Concrete Pavement/Flatwork Task Order Contract Package 5 for Transportation and Capital Improvements. The City’s work is estimated to cost $2,070,616.00.

- Existing water valve box covers, meter box relocations, sewer cleanouts and manhole covers within the project boundaries may require adjustment to match the final grade of the new sidewalks.

- The work will consist of adjusting approximately 50 existing water valve box covers, 275 meter box relocations, 15 sewer cleanouts and approximately 43 existing manhole covers at an estimated cost of $129,100.00.

- Bid item quantities for the adjustment of water valve box covers, meter box relocations, fire hydrants and manhole covers were included in the City’s bid documents. Funds for this work will be reimbursed to the City as payments to the contractor are made.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2018 Capital Improvement Program. The water work is included in the Water Delivery Core Business, Governmental – Water Category, and Governmental Water Replacements budget line item. The amount is $119,750.00 for water work. The job number is 17-5149-000.

The wastewater work is included in the Wastewater Core Business, Governmental Wastewater Category, and Governmental Wastewater Replacements budget line item. The amount is $9,350.00 for sewer work. The job number is 17-5630-000.

SUPPLEMENTARY COMMENTS:

The City received ten bids for this project on October 31, 2017. The lowest qualified, responsive bidder for this project is Hesi Enterprises, LLC, a local, MBE-Hispanic contractor. City Council approved the construction contract on December 14, 2017 and construction is expected to begin January 2018. Time allowed for total construction is 540 calendar days. The request for reimbursement is requested after City Council approved the award of the construction contract to ensure that the contract is awarded, to determine which contractor was awarded the project, to give the System’s staff time to review the bids and establish the reimbursement amount based on the winning bid.

Gail Hamrick-Pigg, P.E.
Director
Pipelines

Andrea L.H. Beymer, P.E.
Vice President
Engineering and Construction

APPROVED:

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING THE EXPENDITURE OF FUNDS IN THE AMOUNT OF $129,100.00 FOR THE ADJUSTMENT OF WATER AND SEWER FACILITIES BY THE CITY OF SAN ANTONIO IN CONNECTION WITH THE 2018-2019 CONCRETE PAVEMENT/FLATWORK TASK ORDER CONTRACT PACKAGE 5; APPROVING AN AMOUNT NOT TO EXCEED $129,100.00 BE MADE AVAILABLE AND EXPENDED FROM THE SYSTEM'S PROJECT FUND FOR THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO PAY THE CITY OF SAN ANTONIO AN AMOUNT NOT TO EXCEED $129,100.00 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City of San Antonio (the “City”) will construct street improvements in connection with the 2018-2019 Concrete Pavement/Flatwork Task Order Contract Package 5; and

WHEREAS, the 2018-2019 Concrete Pavement/Flatwork Task Order Contract Package 5 will require the adjustment of certain water and sewer facilities of the San Antonio Water System (the “System”); and

WHEREAS, the City has received a bid for the project work from Hesi Enterprises, LLC, in the amount of $129,100.00 and this bidder has been determined to be the lowest responsible bidder; and

WHEREAS, System funds in the amount of $129,100.00 are required for the project work; and

WHEREAS, the total amount of $129,100.00 is available from the System’s Project Fund for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the expenditure of funds in the amount of $129,100.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2018-2019 Concrete Pavement/Flatwork Task Order Contract Package 5, (ii) to approve and make available an amount not to exceed $129,100.00 from the System’s Project Fund to reimburse the City of San Antonio
for the project work, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to pay an amount not to exceed $129,100.00 to the City of San Antonio for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the expenditure of funds in the amount of $129,100.00 for the adjustment of water and sewer facilities by the City in connection with the 2018-2019 Concrete Pavement/Flatwork Task Order Contract Package 5 is hereby approved.

2. That a sum not to exceed $129,100.00 to reimburse the City for the project work costs is hereby made available and is to be expended from the System’s Project Fund.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to pay the City an amount not to exceed $129,100.00 for the adjustment of water and sewer facilities by the City in connection with the 2018-2019 Concrete Pavement/Flatwork Task Order Contract Package 5.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase, or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 9th day of January, 2018.

_________________________________
Berto Guerra, Jr., Chairman

ATTEST:

_________________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees  
FROM: Bruce Haby, Manager, Corporate Real Estate, and Nancy Belinsky, Vice President and General Counsel  
THROUGH: Robert R. Puente, President/Chief Executive Officer  
SUBJECT: APPROVAL OF PURCHASE AGREEMENT FOR THE ACQUISITION OF APPROXIMATELY 3.049 ACRES FOR THE SOUTHWEST LOOP 410 ELEVATED STORAGE TANK PROJECT  

Board Action Date: January 9, 2018  

SUMMARY AND RECOMMENDATION:  
The attached resolution authorizes the approval of a purchase agreement between the San Antonio Water System (SAWS) and Vorsons, LLC for the Southwest Loop 410 Elevated Storage Tank Project (the “Project”). It also authorizes the expenditure of $350,000.00 for the acquisition of the property and closing and title insurance costs not to exceed $4,000.00 for a total amount not to exceed $354,000.00.

- The Project includes the construction of an elevated storage tank to replace the existing Loma Linda elevated storage tank located in the northwest part of San Antonio near Fredericksburg Road inside Loop 410. The Loma Linda elevated storage tank has exceeded its useful life and is under capacity. The new elevated storage tank will be larger and will provide better pressure distribution and operation of the System.

- The Project work is required by the Texas Commission on Environmental Quality to meet requirements for elevated storage capacity for this service area and with SAWS Master Planning’s recommendation to place a new tank further west within this same service area.

- The Project requires the acquisition of an approximately 3.049 acre tract (the “Property”) located at 2239 Southwest Loop 410, San Antonio, Texas, for the construction of an elevated storage tank.

- The design consultant evaluated several locations and recommended the Property as it provides direct connection to an existing 24-inch water main located along Loop 410. This site eliminates the need for a long approach main and will reduce the overall construction costs.

- SAWS ordered an appraisal from Carl K. Eisenhauer, MAI and Lynn G. Eckmann, MAI, of Eckmann Groll, Inc., both State Certified Texas General Real Estate Appraisers, who expressed an opinion of fair market value of the Property of $365,200.00.
• The Property is owned by Vorsons LLC (the “Owner”) and is depicted and more particularly described in Attachment I to the attached resolution.

• SAWS and the Owner have agreed on a purchase price of $350,000.00.

Staff recommends that the Board approve this resolution.

FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2018 Capital Improvement Program. Funding for the acquisition of the Property including any additional costs and legal fees are included in the Water Delivery Core Business, Production Growth, and Hunt Lane Elevated Storage Tank design and construction budget line item. The job number is 17-6001.

Bruce A. Haby
Manager
Corporate Real Estate

Nancy Belinsky
Vice President and General Counsel

APPROVED:

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM (THE “SYSTEM”) BOARD OF TRUSTEES APPROVING A PURCHASE AGREEMENT IN THE AMOUNT OF $350,000.00 WITH VORSONS, LLC (THE “OWNER”) FOR THE PURCHASE BY THE CITY OF SAN ANTONIO ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM, BEING APPROXIMATELY 3.049 ACRES LOCATED AT 2239 SOUTHWEST LOOP 410, SAN ANTONIO, TEXAS (THE “PROPERTY”) IN THE SOUTHWEST QUADRANT OF BEXAR COUNTY, FOR THE SOUTHWEST LOOP 410 ELEVATED STORAGE TANK PROJECT (THE “PROJECT”) FOR THE EXPANSION AND OPERATION OF THE SYSTEM; AUTHORIZING THE ACQUISITION OF THE PROPERTY IN ACCORDANCE WITH THE TERMS OF THE PURCHASE AGREEMENT AND THE EXPENDITURE OF FUNDS IN A TOTAL AMOUNT NOT TO EXCEED $354,000.00 FOR THE ACQUISITION OF THE PROPERTY AND RELATED CLOSING COSTS; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE ALL DOCUMENTS NECESSARY TO EFFECTUATE THE ACQUISITION OF THE PROPERTY; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the Project calls for the construction of an elevated storage tank that will replace the existing Loma Linda elevated storage tank that has exceeded its useful life, meet Texas Commission on Environmental Quality requirements for elevated storage capacity, and provide better pressure distribution and operation of the System; and

WHEREAS, the System has determined that acquisition of the Property is necessary for the Project, the location and description of the Property being more particularly set out in Attachment I attached hereto and incorporated herein for all purposes; and

WHEREAS, the Owner has agreed to sell the Property to the System for the amount of $350,000.00 pursuant to the terms of a Purchase Agreement (the “Purchase Agreement”) attached hereto as Attachment II, being subject to approval of the Board of Trustees; and

WHEREAS, funds in the amount not to exceed $354,000.00 are available in the Project fund for the purchase of the Property and closing costs, which are estimated to be an amount not to exceed $4,000.00; and
WHEREAS, the San Antonio Water System Board of Trustees desires to (i) approve a Purchase Agreement in the amount of $350,000.00 with the Owner for the purchase by the City of San Antonio, acting by and through the System for the Project, (ii) authorize the expenditure of funds in the amount not to exceed $354,000.00 for the acquisition of the Property and related closing costs from the project fund, (iii) authorize the acquisition of the Property in accordance with the terms of the Purchase Agreement, and the expenditure of funds from the Project Fund in a total amount not to exceed $354,000.00 for the acquisition of the Property and related closing and title insurance costs, and (iv) authorize the President/Chief Executive Officer or his duly appointed designee to execute all documents necessary or advisable to effectuate the acquisition of the Property, including any amendments that do not increase the purchase price, and to pay the amount not to exceed $350,000.00 to the Owner (or, as necessary, 1031 exchange agent or other party shown on a title commitment as being fee simple owner of the Property) for the acquisition of the Property through Alamo Title Insurance Company as escrow agent and to pay an amount not to exceed $4,000.00 to Alamo Title Insurance Company for title insurance and related closing costs; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the Purchase Agreement in the amount of $350,000.00 with the Owner for the purchase by the City of San Antonio, acting by and through the System, of the Property, for the Project is hereby approved.

2. That expenditure of the funds from the Project Fund in an amount not to exceed $354,000.00 for the acquisition of the Property and related closing costs is hereby approved.

3. That the amount not to exceed $354,000.00 is hereby made available and is to be expended from the Project Fund.

4. That the System’s President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute all documents necessary or advisable to effectuate the acquisition of the Property, including any amendments that do not increase the purchase price, and to pay an amount not to exceed $350,000.00 to the Owner (or, as necessary, 1031 exchange agent or other party shown on a title commitment as being fee simple owner of the Property) for the acquisition of the Property through Alamo Title Insurance Company as escrow agent and to pay an amount not to exceed $4,000.00 to Alamo Title Insurance Company for title insurance and related closing costs, in accordance with the terms of the Purchase Agreement.

5. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.
6. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

7. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 9th day of January, 2018.

_____________________________
Berto Guerra, Jr., Chairman

ATTEST:

_____________________________
Ernesto Arrellano, Jr., Secretary

Attachments:
I Aerial Depiction
II Purchase Agreement
PURCHASE AGREEMENT
2239 SW Loop 410

This Purchase Agreement (the "Agreement"), made by and Vorsons LLC, a Texas limited liability company, hereinafter called "Seller" and the City of San Antonio, acting by and through its San Antonio Water System, hereinafter called "Buyer", constitutes a contract for the purchase of the described property, as follows:

1. Property. Seller agrees to convey to Buyer the tract of real property being 3,049 acres in Bexar County and being more particularly described in Exhibit A attached hereto and incorporated herein (the "Land"); together with all water rights and claims of water rights of any nature related to the Land, and together with all of Seller's right, title and interest in and to all oil, gas and other minerals in and under said Land, and all appurtenances including, but not limited to, strips between the above described property and abutting properties, and in any street, highway, alley, easement or right of way, existing or proposed, on or adjacent to the described real property (all of which is hereinafter collectively called the "Property"). Upon Buyer's receipt and approval of a new survey for the Property, the legal description contained in such survey shall, at Buyer's election, replace the description in Exhibit A.

2. Consideration. The consideration for the conveyance shall be as follows:

   a. Purchase Price. The total purchase price ("Purchase Price") for the Property shall be THREE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS ($350,000).00).

   b. Earnest Money. Buyer shall deposit THREE THOUSAND FIVE HUNDRED AND NO/100 DOLLARS ($3,500.00) with Alamo Title Company, Attn: Chris Varley, Senior Vice President, 18618 Tuscany Stone, Suite 240, San Antonio, Texas 78258 ("Title Company"), as earnest money ("Earnest Money"). The Earnest Money shall be credited toward the Purchase Price at closing if the conveyance of the Property is closed.

   c. Independent Consideration. In the event that this Agreement is terminated by Buyer for any reason other than Seller's default, ONE HUNDRED AND NO/100 DOLLARS ($100.00) of the Earnest Money shall be paid by the Title Company to Seller as "Independent Consideration" for the rights granted to Buyer herein.

3. Escrow. Upon Buyer's receipt of a fully executed copy of this Agreement, Buyer shall, within three (3) business days, open an escrow with Title Company covering the purchase and sale of the Property, by depositing with Title Company the Earnest Money and an executed copy of this Agreement.

4. Date of this Agreement. The Date of this Agreement shall be the date when a fully executed copy of this Agreement together with Buyer's deposit of the Earnest Money is delivered to the Title Company, as evidenced by the date inserted by Title Company beneath its signature of receipt.

5. Title. Title Company shall issue a Commitment for Title Insurance ("Title Commitment") to the Buyer on or before fifteen (15) days from the Date of this Agreement. Any matters of record in the Title Commitment shall be, together with matters shown on any survey of the Land obtained by Buyer, "Permitted Exceptions"; provided, however, in no event shall Buyer be required to object to any liens or other matters contained in Schedule C of the Title Commitment, all of which shall be satisfied by Seller at or prior to Closing, and none of which matters will constitute Permitted Exceptions.
6. **Property Information Documents.** Within ten (10) days after the Date of this Agreement, Seller shall deliver to Buyer copies of all written leases, tenancies, rental agreements and any other agreements affecting the Property, and a full written description of any such agreements which are not written ("Property Information Documents").

7. **Investigations.** From the Date of this Agreement until its termination or Closing, Buyer and its representatives shall have the right to enter upon the Land to conduct investigations, including without limitation, soil tests, engineering studies, planning and/or feasibility studies, environmental inspections, a study of the availability of water, utilities, drainage, access, and sewer, and such other investigations as Buyer may desire to determine the suitability of the Land for Buyer's intended use. Buyer in the conduct of its investigation shall not unreasonably interfere with any existing operations on the Land, and Buyer shall repair any and all physical damage to the Land caused by Buyer's investigations.

8. **Feasibility Period.** Seller agrees that Buyer shall have a period expiring on January 19, 2018 ("Feasibility Period") to determine the suitability of the Property for Buyer's intended use. If Buyer decides in its sole discretion not to proceed with the purchase of the Property, Buyer shall give Seller written notice of termination on or before the expiration of the Feasibility Period, in which event this Agreement shall terminate and be of no further force and effect, and Buyer shall receive back the Earnest Money less the Independent Consideration, which shall be paid by the Title Company to Seller. Subject to the satisfaction of any conditions to closing, at any time prior to the expiration of the Feasibility Period, Buyer may notify Seller in writing that Buyer has satisfied itself as to the suitability of the Property for Buyer's intended use, and accelerate the expiration of the Feasibility Period and proceed to Closing in accordance with paragraph 10 below. Buyer will be responsible any loss, attorney's fees, expenses, or claims arising out of Buyer's negligent acts in the course of its investigation of the Property, except for repair or remediation of existing conditions discovered by Buyer's inspection.

9. **Conditions to Closing.** This Agreement is subject to the approval of the Board of Trustees of the San Antonio Water System on or before the expiration of the Feasibility Period. In the event that this Agreement is not approved by the Board of Trustees of the San Antonio Water System on or before the expiration of the Feasibility Period, notwithstanding any provision herein to the contrary, this Agreement shall automatically terminate and the Earnest Money shall be immediately returned to Buyer, less the Independent Consideration, which shall be paid by Title Company to Seller, and neither party shall have any further rights or duties hereunder.

10. **Closing.** Provided that this Agreement has not previously been terminated and that all conditions to closing have been satisfied, the conveyance of the Property shall be closed ("Closing") at the office of the Title Company on a date (the "Closing Date") to be specified by Buyer, which date shall be on or before the tenth (10th) business day following the expiration of the Feasibility Period.

11. **Closing Documents.** The following documents shall be delivered at Closing:

   a. **Deed.** Seller shall deliver a special warranty deed ("Deed") executed and acknowledged by Seller, conveying to Buyer good and indefeasible title to the Property free and clear of all restrictions, easements, liens and other encumbrances except the Permitted Exceptions, in substantially the form attached hereto as Exhibit B.

   b. **Title Policy.** The title company shall furnish at Buyer's expense an owner's title policy issued by Title Company in a form prescribed by the Board of Insurance Commissioners of Texas with underwriters and co-insurance limits approved by Buyer. The policy shall be in the amount of the Purchase Price and shall guarantee that Buyer's title to the Property is good and indefeasible, subject only to the following exceptions: (i) the Permitted
Exceptions, (ii) taxes for the calendar year after the date of Closing, (iii) unrecorded governmental rights and regulations, including but not limited to building and zoning ordinances; and (iv) if desired by Buyer, shortages in area or other modifications or endorsements requested by Buyer to the extent permitted by insurance regulations. Buyer shall be responsible for the costs of any title policy or endorsement.

d. **Tax Certificates.** The title company shall deliver, at Buyer’s expense, tax certificates showing there are no delinquent taxes levied or assessed against the Property as of Closing.

e. **Affidavit of Foreign Status.** Seller shall deliver to Buyer and Title Company an affidavit indicating whether or not Seller is a “foreign person” under the Internal Revenue Act of 1954, as amended.

f. **Other Documents.** Seller shall deliver a settlement statement and such other documents as may be reasonable and customary and/or as requested by the Title Company in connection with the Closing.

12. **Closing Costs.** Closing costs and prorations shall be allocated as follows:

a. **Taxes.** Buyer is a tax-exempt entity. All ad valorem taxes on the Land shall be prorated to the date of Closing, and Seller shall be responsible for the payment of all such ad valorem taxes up to and including the date of Closing, which payment shall be made via debit or payment reflected on the settlement statement at closing. If the current year’s taxes are not known as of the date of Closing, the proration shall be based upon the previous year’s taxes, per Section 26.11 of the Texas Tax Code. The Title Company will pay the Seller’s prorated amount to the Bexar County Tax Assessor-Collector at Closing, per such Section 26.11. The Seller’s obligation to pay all ad valorem taxes on the Land for the year of Closing shall survive Closing. Seller shall indemnify and hold harmless Buyer from and against any and all taxes and assessments, or claims for taxes and assessments, for periods prior to the date hereof, including those attributable to periods prior to the date hereof but assessed subsequent to the date hereof, due to changes in land usage or ownership, and Seller hereby expressly agrees to pay the same prior to delinquency. The provisions of this paragraph shall survive Closing.

b. **Lien Releases.** Seller shall pay all prepayment penalties, fees and other amounts necessary to release all existing notes, liens and security interests against the Seller or the Property, including recording fees.

c. **Fees.** Any escrow fee charged by Title Company shall be charged to the Buyer. Each party will pay its own attorney's fees. Buyer will pay the cost of recording any documents delivered to it or them at Closing.

13. **Possession.** Exclusive possession of the Property shall be delivered to Buyer at Closing.

14. **Warranties.** Seller makes the following representations, warranties and covenants as of the date of this Agreement and as of the Closing Date, and such warranties and covenants shall survive the Closing.

a. **Title.** Seller owns good and indefeasible title to the Property and is fully authorized to convey the Property pursuant to this Agreement.

b. **No Proceedings.** There are no pending or, to Seller’s knowledge, threatened condemnation or similar proceedings or assessments affecting the Property, lawsuits by adjoining
landowners or others, nor to the best knowledge and belief of Seller is any such lawsuit contemplated by any person, nor is any condemnation or assessment contemplated by any governmental authority.

c. **No Leases.** At the time of Closing, the Property will not, in whole or in part, be under lease or subject to any agreement other than this Agreement.

d. **No Contracts.** Except as expressly disclosed to Buyer pursuant to paragraph 6 above, Seller has not and will not enter into any written contracts, agreements, or listings, or be a party to any oral understandings or agreements affecting the Property.

e. **Compliance With Laws.** To the best of Seller’s actual knowledge, Seller has complied with all applicable laws, ordinances, regulations, statutes and rules relating to the Property or any part thereof during Seller’s ownership of the Property.

f. **Environmental.**

1. During the period that Seller has owned the Land, there has been no storage, production, transportation, disposal, treatment or release of any solid waste, hazardous waste, toxic substance, or any other pollutants or contaminants (hereinafter collectively referred to as “Pollutants”) on or in the Parent Tract, and Seller has complied with all applicable local, state or federal environmental laws and regulations. To the actual knowledge of Seller, there are no wells, underground storage tanks, covered surface impoundments or other sources of environmental Pollutants or contaminants on the Land.

2. To Seller’s knowledge, prior to Seller’s acquisition of the Land, there was no storage, production, transportation, disposal, treatment or release of any Pollutants on or in the Land.

3. To Seller’s knowledge, there have been no Pollutants on or in neighboring properties, which, through soil or groundwater migration, could have moved to the Land.

4. In the event that Buyer’s investigations reveal the presence of any Pollutants or other environmental condition which, in Buyer’s sole discretion, would render the Land unsuitable for Buyer’s use, Buyer shall have the right to terminate this Agreement and receive back the Earnest Money, less than Independent Consideration, which shall be paid by the Title Company to the Seller.

g. **No Changes to Property.** Seller shall not change or make alterations to the Property between the date of this Agreement and Closing without Buyer’s prior written consent. Such prohibited changes shall include, but shall not be limited to, removing trees, or removal or relocation of site improvements or landscaping.

All references in this Section 14 or elsewhere in this Agreement to “Seller’s knowledge” or “Seller’s actual knowledge” or the “best of Seller’s knowledge” shall refer solely to the actual knowledge (as opposed to constructive, deemed or imputed knowledge) of Mohammadadisf Vohra, and shall not impose upon the foregoing individual the duty to investigate the matter to which the actual knowledge, or the absence thereof, pertains.

15. **Additional Acts and Documents.** If at any time after Closing it appears that additional acts or bills of sale, assignments or other papers are reasonably necessary to complete or perfect the transfer of
any part of the Property to Buyer, Seller agrees to take such action and to execute such additional bills of sale, assignments or other papers upon written request of Buyer, which obligation shall survive Closing.

16. Notices. Any notice to be given hereunder shall be given by placing the notice or designation in the United States mail, certified or registered, properly stamped and addressed to the address shown below or such other address as the respective party may direct in writing to the other, or by personal delivery to such address by a party, by email, or by a delivery service which documents delivery, and such notice or designation shall be deemed to be received upon such placing in the mails or such delivery:

Seller: Vorsons LLC
1064 Vance Jackson Road, Suite 10095
San Antonio, Texas 78201
mayur68202@yahoo.com

With a copy to: Robert Pazouki
Pazouki & Arambula, LLP
17115 San Pedro Ave. #330
San Antonio, TX 78232
Phone: (210) 375-1300
Fax (210) 375-1313
Email: rp@pazoukilaw.com

Buyer: San Antonio Water System
Attn: Manager, Corporate Real Estate
2800 US 281 North, 5th Floor, Tower I
San Antonio, Texas 78212
bruce.haby@saws.org

With a copy to: San Antonio Water System
Attn: Mark E. Brewton, Corporate Counsel
2800 US 281 North, 6th Floor Tower I
San Antonio, Texas 78212
mark.brewton@saws.org

17. Condemnation or Dedication. If, as a prerequisite to the granting and/or approving of zoning, a variance or platting or replatting, the granting and/or approving jurisdiction or body requires the dedication of land to some jurisdiction, or if any portion of the Land is taken by eminent domain or condemnation, then Buyer may (a) terminate this Agreement, or (b) complete this purchase without any reduction to the Purchase Price.

18. Default. In the event Buyer fails or refuses to perform in accordance with the terms of this Agreement, through no fault of Seller, then, and in that event, Seller shall give written notice of such default to Buyer and Title Company, and if Buyer's default is not cured within five (5) days after Buyer has received Seller's notice of default, then Seller shall have the right, as its sole and exclusive remedy, to terminate this Agreement and receive the Earnest Money as liquidated damages, such sum being agreed upon as liquidated damages for the failure of Buyer to close as required by the terms and provisions of this Agreement and because of the difficulty, inconvenience and uncertainty of ascertaining actual damages.

In the event Seller fails or refuses to perform in accordance with the terms of this Agreement, then, and in that event, Buyer shall have the right to terminate this Agreement and receive back the
Earnest Money, enforce specific performance of this Agreement, exercise any other rights or remedies at law or in equity and/or waive any unmet requirements in whole or in part.

19. **Real Estate Commission.** Seller is represented in this transaction by Commercial Real Estate Services, Inc. and Icon Realty. Seller represents and warrants to Buyer that any real estate commissions or other amounts owing to Seller’s brokers shall be paid solely from Seller’s proceeds if any only if closing occurs, and Seller shall indemnify and hold Buyer harmless from and against any and all liabilities arising from any claims caused or incurred by Buyer (including, without limitation, claims for brokerage commissions and other amounts claimed by such brokers, the costs of dispute resolution and attorneys’ fees in connection therewith) as a result of this Agreement or a breach of this representation and warranty, which representation, warranty and duty to indemnify shall survive Closing or termination of this Agreement.

20. **Entire Agreement.** This Agreement contains all agreements between the parties regarding the Property, and no agreement not contained herein shall be recognized by the parties.

21. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, legal representatives, successors and assigns.

22. **Assignability.** Buyer shall have the right to assign its interest as Buyer under this Agreement.

23. **Time of Essence.** Time is of the essence of this Agreement.

24. **Legal Holidays.** Notwithstanding anything herein to the contrary, if the final date of any period, any date of performance or any deadline date which is set forth in this Agreement falls on a Saturday, Sunday, federal legal holiday or day in which Buyer is closed for business, then such date shall be extended to the next following date which is not a Saturday, Sunday, federal legal holiday or day in which Buyer is not closed for business.

25. **Counterparts/Electronic Transmittal.** This Agreement may be executed in one (1) or more counterparts, each of which when taken together shall constitute but one and the same Agreement. Signatures transmitted by electronic means (pdf email, fax, etc) shall constitute originals for all purposes.

26. **Tax-Deferred Exchange.** If Seller requests, Buyer shall cooperate with Seller in effecting Seller’s exchange under a Tax Deferred Exchange under §1031 of the Internal Revenue Code pursuant to which Seller will sell the Property; provided, however, (i) the exchange shall be at no expense to Buyer; (ii) the exchange shall not delay the Closing; (iii) Seller shall continue to be liable for all obligations under this Agreement; and (iv) Buyer shall not be required to receive title from an exchange intermediary, acquire title to any proposed exchange properties or to incur any liability to accommodate Seller’s exchange. Seller shall indemnify, defend and hold Buyer harmless from and against any and all claims, demands, costs and expenses which Buyer may sustain or incur resulting from the consummation of the transfer of the Property as a §1031 exchange rather than a sale, which obligation shall survive Closing.

27. **No Prohibited Persons/Entities.** Seller represents and warrants to Buyer that Seller is not (i) an employee of the San Antonio Water System, (ii) the spouse or domestic partner of an employee of the San Antonio Water System or (iii) an entity in which an employee of the San Antonio System or spouse or domestic partner of an employee of the San Antonio Water System owns ten percent (10%) or more of the voting stock or fair market value of the entity. The violation of this provision or determination by Buyer that the Seller is a prohibited person/entity as set forth hereinabove shall render this Agreement voidable by the President/CEO or Board of Trustees of the San Antonio Water System.
28. AS-IS SALE. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN SECTION 14 HEREOF, SELLER IS NOT MAKING AND HAS NOT AT ANY TIME MADE ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OR REPRESENTATIONS AS TO HABITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE (OTHER THAN SELLER’S WARRANTY OF TITLE TO BE SET FORTH IN THE DEED), ZONING, TAX CONSEQUENCES, PHYSICAL OR ENVIRONMENTAL CONDITION, OPERATING HISTORY OR PROJECTIONS, VALUATION, GOVERNMENTAL APPROVALS, GOVERNMENTAL REGULATIONS, THE TRUTH, ACCURACY OR COMPLETENESS OF THE ITEMS OR ANY OTHER INFORMATION PROVIDED BY OR ON BEHALF OF SELLER TO BUYER OR ANY OTHER MATTER OR THING REGARDING THE PROPERTY. UPON CLOSING, SELLER SHALL SELL AND CONVEY TO BUYER, AND BUYER SHALL ACCEPT THIS PROPERTY "AS IS, WHERE IS, WITH ALL FAULTS." BUYER HAS NOT RELIED UPON AND WILL NOT RELY UPON EITHER DIRECTLY OR INDIRECTLY, ANY REPRESENTATION OR WARRANTY OF SELLER WITH RESPECT TO THE PROPERTY, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN SECTION 14 HEREOF. BUYER WILL CONDUCT SUCH INVESTIGATIONS OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AS BUYER DEEMS NECESSARY TO SATISFY ITSELF AS TO THE CONDITION OF THE PROPERTY AND WILL RELY SOLELY UPON SAME AND NOT UPON ANY INFORMATION PROVIDED BY OR ON BEHALF OF SELLER. UPON CLOSING, BUYER SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING BUT NOT LIMITED TO, CONSTRUCTION DEFECTS AND ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY BUYER’S INVESTIGATIONS. BUYER, UPON CLOSING, HEREBY WAIVES, RELINQUISHES AND RELEASES SELLER FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION (INCLUDING CAUSES OF ACTION IN TORT [I.E., NEGLIGENCE AND STRICT LIABILITY]), LOSSES, DAMAGES, LIABILITIES, COSTS AND EXPENSES (INCLUDING ATTORNEYS’ FEES AND COURT COSTS) OF ANY KIND AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, WHICH BUYER MIGHT HAVE ASSERTED OR ALLEGED AGAINST SELLER AT ANY TIME BY REASON OF OR ARISING OUT OF ANY CONSTRUCTION DEFECTS, PHYSICAL AND ENVIRONMENTAL CONDITIONS, THE VIOLATION OF ANY APPLICABLE LAWS AND ANY AND ALL OTHER MATTERS REGARDING THE PROPERTY, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN SECTION 14 HEREOF. THE PROVISIONS OF THIS PARAGRAPH SHALL SURVIVE CLOSING.

(SIGNATURE PAGE FOLLOWS)
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates, which are set forth above their respective signatures

EXECUTED by Seller on October 23, 2017.

Seller:

Vorsons LLC, a Texas limited liability company

By: [Signature]

Name: Mohammadasif Vohra
Title: Member

EXECUTED by Buyer on October 24, 2017.

Buyer:

CITY OF SAN ANTONIO, ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM

By: [Signature]

Name: Nancy Belinsky
Title: Vice President and General Counsel

Exhibits:

Exhibit A – Property description
Exhibit B – Form of Deed
RECEIPT OF EARNEST MONEY

Alamo Title Company ("Title Company") acknowledges receipt of $3,500.00 as Earnest Money under the foregoing Purchase Agreement. Title Company will promptly deposit the Earnest Money in an interest bearing account and hold the Earnest Money in escrow pending disbursement instructions from the parties in accordance with the terms of the Agreement. The undersigned will promptly notify the parties if these instructions are for any reason not carried out.

Alamo Title Company

By: [Signature]

Date: 10-27-2017

GF#: 400041701901
Exhibit A

FIELD NOTES FOR

A 3.049 acre tract out of Block 38, NCB 17388, Cable Ranch Subdivision, according to the map or plat thereof, recorded in Volume 105, Page 162 of the Deed and Plat Records, Bexar County, Texas, and being more particularly described as follows:

BEGINNING: At a set 1/2" iron pin in the west right-of-way line of Loop 410, said pin being the common corner of the northeast corner of this tract and the southeast corner of Lot 4, Block 38, NCB 17388, Super 8 Motel at SW Loop 410 Subdivision as recorded in Volume 9534, Page 24 of the Deed and Plat Records of Bexar County, Texas for the Point of Beginning;

THENCE: Along the west right-of-way line of Loop 410, S00°21'00"W a distance of 221.00 feet to a found 1/2" iron pin for the southeast corner of this tract;

THENCEB: Departing the west right-of-way line of Loop 410, N89°40'30"W, a distance of 601.00 feet to a found 1/2" iron pin for the southwest corner of this tract;

THENCE: N00°21'00"E, a distance of 221.00 feet to a set 1/2" iron pin for the northwest corner of this tract;

THENCEB: Along the common boundary of the north property line of this tract and the south property line of said Lot 4, S89°40'30"E, a distance of 601.00 feet to the point of beginning and containing 3.049 acres of land.

Job No.: 0930-00
Date: September 19, 2006
EXHIBIT B

Form of Deed

Project: Loma Linda Tank Site Replacement
Parcel: 

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

WARRANTY DEED

THE STATE OF TEXAS §
COUNTY OF BEXAR §

KNOW ALL MEN BY THESE PRESENTS:

THAT THE UNDERSIGNED, VORSONS LLC, A TEXAS LIMITED LIABILITY COMPANY (referred to herein as "Grantor"), for and in consideration of the sum of TEN DOLLARS ($10.00) cash, and other good and valuable consideration paid to Grantor by the SAN ANTONIO WATER SYSTEM, the receipt and sufficiency of which are hereby fully acknowledged and confessed, has GRANTED, SOLD and CONVEYED, and by these presents does hereby GRANT, SELL and CONVEY unto THE CITY OF SAN ANTONIO, a Texas municipal corporation, for the use, benefit and control of its SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ("Grantee"), as such and their successors in office appointed by the City Council of the said City of San Antonio as provided in Ordinance No. 75686, adopted at a regular meeting of said council, April 30, 1992, that certain acres in Bexar County more particularly described in Exhibit A attached hereto and incorporated herein (the "Land"), together with all water rights and claims of water rights of any nature related to said Land, and together with all of Grantor's right, title and interest in and to all oil, gas and other minerals in and under and that may be produced from said Land, and all improvements, privileges and appurtenances pertaining to the Land, including, but not limited to, strips between the Land and abutting properties, and in any street, highway, alley, easement or right of way, existing or proposed, on, adjacent or appurtenant to the Land, and any right of reversion related to the Land (collectively, the "Property").

This conveyance is made and accepted subject to those certain matters set forth on Exhibit B attached hereto and made a part hereof for all purposes.

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, its successors and assigns forever; and Grantor does hereby bind Grantor and Grantor's successors to WARRANT AND FOREVER DEFEND all and singular the Property unto the said Grantee, and Grantee's successors and assigns, against every person whomsoever claiming or to claim the same or any part thereof by, through or under Grantor, but not otherwise.
Ad valorem taxes and special assessments, if any, against the Property for the year 201 [insert year of closing] and prior years shall remain the responsibility of the Grantor. Grantor shall indemnify any hold harmless Grantee from and against any and all taxes and assessments, or claims for taxes and assessments, for 201 [insert year of closing] and prior tax years, including those attributable to periods prior to the date hereof but assessed subsequent to the date hereof, due to changes in land usage or ownership, and Grantor hereby expressly agrees to pay the same prior to delinquency.

EXECUTED to be effective the ______ day of ________________, 201

GRANTOR:

Vorsons LLC, a Texas limited liability company

By: __________________________
Printed name: __________________
Title: __________________________

STATE OF TEXAS

COUNTY OF ________________

This instrument was acknowledged before me on this ______ day of ________________, 201 by __________________________, a Texas limited liability company, on behalf of same.

[Seal]

Notary Public, State of Texas

AFTER RECORDING, PLEASE RETURN TO:

San Antonio Water System
Attn: Mark Brewton
P.O. Box 2449
San Antonio, Texas 78298
TO: San Antonio Water System Board of Trustees

FROM: Jeffrey J. Haby, P.E., Vice President, Production and Treatment, and Steven M. Clouse, Senior Vice President/Chief Operating Officer

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: RENEWAL OF ANNUAL MEMBERSHIP TO THE WATER ENVIRONMENT AND REUSE FOUNDATION

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution authorizes the renewal of the annual membership to the Water Environment and Reuse Foundation (WE&RF) in an amount not to exceed $62,468.00.

- WE&RF is a nonprofit (501c3) organization officially formed in July 2016 as the result of the merger of Water Environment Research Foundation and the WateReuse Research Foundation.

- The merged research foundation, with a combined research portfolio representing over $200 million, conducts research to treat and recover beneficial materials from wastewater, stormwater, and seawater including water, nutrients, energy, and biosolids.

- The Foundation also plays an important role in the translation and dissemination of applied research, technology demonstration, and education, through creation of research-based educational tools and technology exchange opportunities. WE&RF materials can be used to inform policymakers and the public on the science, economic value, and environmental benefits of wastewater and recovering its resources, as well as the feasibility of new technologies.

- The current dues structure is based on the rate of $460/average MGD flow.

Staff recommends that the Board approve this resolution.

FINANCIAL IMPACT:

The item/services will be paid from System funds budgeted in the 2018 budget (Company: 1000, Accounting Unit: 5030400, Account: 511250, Total 2018 amount: $62,468.00).
Renewal of Annual Membership
Water Environment and Reuse Foundation

Jeffrey J. Haby, P.E.
Vice President
Production and Treatment

APPROVED:

Robert R. Puente
President/Chief Executive Officer

Steven M. Clouse, Senior Vice
President/Chief Operating Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AUTHORIZING THE RENEWAL OF A ONE-YEAR MEMBERSHIP WITH THE WATER ENVIRONMENT AND REUSE FOUNDATION IN AN AMOUNT NOT TO EXCEED $62,468.00 FOR CALENDAR YEAR 2018; AUTHORIZING THE EXPENDITURES IN AN AMOUNT NOT TO EXCEED $62,468.00 FOR THE MEMBERSHIP FROM THE SYSTEM FUND; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE THE ONE-YEAR RENEWAL WITH THE WATER ENVIRONMENT AND REUSE FOUNDATION AND TO PAY THE WATER ENVIRONMENT AND REUSE FOUNDATION AN AMOUNT NOT TO EXCEED $62,468.00 FOR CALENDAR YEAR 2018; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, Water Environment & Reuse Foundation (WE&RF) is a nonprofit (501c3) organization officially formed in July 2016 as the result of the merger of Water Environment Research Foundation and the WateReuse Research Foundation; and

WHEREAS, the merged research foundation, with a combined research portfolio representing over $200 million, conducts research to treat and recover beneficial materials from wastewater, stormwater, and seawater including water, nutrients, energy, and biosolids; and

WHEREAS, the Foundation also plays an important role in the translation and dissemination of applied research, technology demonstration, and education, through creation of research-based educational tools and technology exchange opportunities. WE&RF materials can be used to inform policymakers and the public on the science, economic value, and environmental benefits of wastewater and recovering its resources, as well as the feasibility of new technologies; and

WHEREAS, the total amount of $62,468.00 is available from the System Fund; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to authorize the renewal of a one-year membership with WE&RF for calendar year 2018, (ii) to authorize the expenditure of $62,468.00 from the System Fund for membership in WE&RF for a one-year membership for calendar year 2018, and (iii) to authorize the President/Chief Executive Officer or duly appointed designee to execute any documents
necessary to allow the System to renew a one-year membership with WE&RF, and to pay WE&RF the sum of $62,468.00 for the System's membership in this organization; now therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the renewal of a one-year membership with WE&RF for calendar year 2018 is hereby approved.

2. That the sum of $62,468.00 for a one-year membership with WE&RF for 2018 is hereby made available and is to be expended from the System Fund.

3. That the President/Chief Executive Officer or duly appointed designee is hereby authorized to execute all documents necessary to allow the System to renew a one-year membership with WE&RF and to pay WE&RF an amount not to exceed $62,468.00 for the membership.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative, or invalid, or if any exception to or limitations upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 9th day of January, 2018.

______________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees
FROM: Annette Duron, Interim-Director, Operations Support, and Jeffrey J. Haby, P.E., Vice President, Production and Treatment
THROUGH: Robert R. Puente, President/Chief Executive Officer
SUBJECT: AWARD OF SERVICE CONTRACT IN CONNECTION WITH SANITARY SEWER SMOKE TESTING IN THE CS15 SUB-BASIN CONTRACT

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution awards a service contract to Burgess & Niple, Inc., a non-local, non-SMWVB firm, in the amount of $78,961.12 in connection with the Sanitary Sewer Smoke Testing in the CS15 Sub-Basin Contract.

- San Antonio Water System (SAWS) is required under the Consent Decree to evaluate potential capacity remediation measures in order to resolve capacity constraints for the purpose of eliminating the future occurrence of sanitary sewer overflows.

- Subsequent to performing an analysis of flow rates during storm events, the CS15 sub-basin was found to be a source of excessive inflow. The CS15 sub-basin was thus chosen as the location to conduct the remedial measure of inflow reduction.

- Smoke testing is a method recognized in the wastewater collection utility industry for evaluating the extent to which inflow may or may not exist in a collection system and it is a method recommended by the Texas Commission on Environmental Quality to inspect collection system assets. Combined with ongoing efforts to monitor and analyze flow rates from the CS15 sub-basin, this contract will provide an indication of the amount of inflow existing in the CS15 sub-basin by identifying locations of defects. The information resulting from the smoke testing inspections will be used to help determine future remedial action.

- This contract includes smoke testing inspection of approximately 161,419 feet of sewer mains and associated laterals and manholes.

- The “best value” approach was used to select the vendor for this contract.

- Burgess & Niple, Inc. submitted the “best value” bid.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

Funds for these contract services to be provided during FY 2018 were included in the FY 2018 Annual Operating Budget and will be financed with revenues from the System Fund. The System Fund will finance the amount of $78,961.12 for contract services (Company: 1000, Accounting Unit: 5046100, Account: 511312). The SAWS bid number for this project is 17-17122.

SUPPLEMENTARY COMMENTS:

Extensive interaction with the public is required for smoke testing projects. It requires a vendor with experience with this type of service because it is imperative that notifications and interaction with homeowners and businesses are handled professionally. Therefore, a high value is placed upon the experience of the vendor to ensure the work is performed correctly in order to minimize customer complaints and to ensure any public concerns associated with on-site operations are managed professionally. SAWS staff prepared a bid invitation using a “best value” approach to acquire this service because of the experience and judgment necessary for the highly specialized requirements of this work. This approach has been used in the past and has been effective.

The “best value” approach affords SAWS the opportunity to establish a reasonable balance between price and qualifications in the selection of a vendor to perform sewer system inspections using smoke testing equipment.

The “best value” bids were submitted on December 14, 2017 with the pricing portion of the bids opened on December 20, 2017.

Staff recommends that the contract be awarded to Burgess & Niple, Inc. as the bidder that will provide the services at the “best value” for SAWS based on the selection criteria set forth below.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Bidder’s Pricing</td>
<td>40</td>
</tr>
<tr>
<td>b. Similar Prior Experience, Certifications and References</td>
<td>20</td>
</tr>
<tr>
<td>c. Performance, Quality Control and Quality Assurance</td>
<td>15</td>
</tr>
<tr>
<td>d. Resources</td>
<td>15</td>
</tr>
<tr>
<td>e. Small, Minority, Woman-owned Business Program Compliance</td>
<td>10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
</tr>
</tbody>
</table>
SAWS received a bid from the following company:

<table>
<thead>
<tr>
<th>Bidders</th>
<th>Bid Amount</th>
<th>Best Value Score</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burgess &amp; Niple, Inc.*</td>
<td>$78,961.12</td>
<td>477</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
</tbody>
</table>

*Best Value Proposal

Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>SMWVB Analysis – Board Award</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SBE</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE – African American</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE – Asian</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE – Hispanic</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE – Other</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE – Minority</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE – Non-Minority</td>
<td>20.00%</td>
</tr>
<tr>
<td>SMWVB Total</td>
<td>20.00%</td>
</tr>
</tbody>
</table>

Annette Duron
Interim-Director
Operations Support

Joffrey J. Haby, P.E.
Vice President
Production and Treatment

 APPROVED:

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ACCEPTING THE BID OF BURGESS & NIPLE, INC. FOR A SERVICE CONTRACT IN THE AMOUNT OF $78,961.12 IN CONNECTION WITH THE SANITARY SEWER SMOKE TESTING IN THE CS15 SUB-BASIN CONTRACT; AWARDING A SERVICE CONTRACT TO BURGESS & NIPLE, INC. IN THE AMOUNT OF $78,961.12; APPROVING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $78,961.12 FROM THE SYSTEM FUND FOR THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A SERVICE CONTRACT WITH BURGESS & NIPLE, INC., AND TO PAY BURGESS & NIPLE, INC. AN AMOUNT NOT TO EXCEED $78,961.12 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (the “System”) is required under the Consent Decree to evaluate potential capacity remediation measures in order to resolve capacity constraints in the sanitary sewer system for the purpose of eliminating the future occurrence of sanitary sewer overflows; and

WHEREAS, “flow rate reduction” by reducing storm water inflow is a remedial measure identified in the Consent Decree as an alternative to evaluate for resolving capacity constraints; and

WHEREAS, in-line smoke testing is the appropriate method for inspecting the sanitary sewer system in order to provide an indication of the amount of inflow existing in the CS15 sub-basin by identifying locations of defects which will help determine future remedial action; and

WHEREAS, this project includes smoke testing inspection of approximately 161,419 feet of sewer mains and associated manholes and laterals in the CS15 sub-basin (the “project work”); and

WHEREAS, the System has solicited bids for the project work; and

WHEREAS, Burgess & Niple, Inc., a non-local, non-SMWVB firm, has submitted
a bid in the estimated amount of $78,961.12 for the project work and this bid has been determined
to be the “best value” bid; and

WHEREAS, System funds in the estimated amount of $78,961.12 are required for
the project work and are available from the System Fund; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to accept
the bid of Burgess & Niple, Inc. in the amount of $78,961.12 in connection with the Sanitary Sewer
Smoke Testing in the CS15 Sub-Basin Contract, (ii) to award a service contract to Burgess &
Niple, Inc. in the amount of $78,961.12 for the project work, (iii) to approve the expenditure of
funds in an amount not to exceed $78,961.12 from the System Fund for the project work, and (iv)
to authorize the President/Chief Executive Officer or his duly appointed designee to execute a
service contract with Burgess & Niple, Inc. and to pay Burgess & Niple, Inc. an amount not to
exceed $78,961.12 for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF
TRUSTEES:

1. That the bid of Burgess & Niple, Inc. in the amount of $78,961.12 in connection with the
Sanitary Sewer Smoke Testing in the CS15 Sub-Basin Contract is hereby accepted.

2. That a service contract is hereby awarded to Burgess & Niple, Inc. in the amount of
$78,961.12 for the project work.

3. That the expenditure of System funds in an amount not to exceed $78,961.12 for the project
work is hereby approved.

4. That an amount not to exceed $78,961.12 is hereby made available from the System Fund.

5. That the System's President/Chief Executive Officer or his duly appointed designee is
hereby authorized to execute a service contract with Burgess & Niple, Inc., and to pay Burgess &
Niple, Inc. an amount not to exceed $78,961.12 for the project work.

6. It is officially found, determined and declared that the meeting at which this resolution is
adopted was open to the public, and that public notice of the time, place and subject matter of the
public business to be conducted at such meeting, including this resolution, was given to all as
required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

7. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason
held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon
any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective,
the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted
without the portion held to be unconstitutional, illegal, invalid or ineffective.

8. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 9th day of January, 2018.

_______________________________
Berto Guerra, Jr., Chairman

ATTEST:

___________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Annette Duron, Interim-Director, Operations Support, and Jeffrey J. Haby, P.E., Vice President, Production and Treatment

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF CONSTRUCTION CONTRACT IN CONNECTION WITH THE 2018 ANNUAL SANITARY SEWER MANHOLE ADJUSTMENT, REHABILITATION AND REPLACEMENT CONSTRUCTION CONTRACT, PACKAGE 1

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract in the amount of $1,741,055.00 to T Construction, LLC, a non-local, non-SMWVB firm, in connection with the 2018 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 1.

- The San Antonio Water System (SAWS) is required under the Consent Decree to inspect all sanitary sewer manholes within a 10-year period. Inherent with such a program, there are occasions when numerous manholes require remediation as a measure to reduce inflow in order to resolve capacity constraints for the purpose of eliminating the future occurrence of sanitary sewer overflows.

- This contract will supplement the Distribution and Collection Operations Group with outsourced construction services to perform the necessary remediation measures which include manhole adjustments, rehabilitation, and replacement.

- The contract will allow for work orders to be issued for the adjustments, rehabilitation, and replacements. The work orders will be issued and managed by SAWS Distribution and Collection staff, and will be charged against the contract as the work orders are executed.

- The standard construction bidding process was used for this contract.

- T Construction, LLC has submitted the low bid of $1,741,055.00.

Staff recommends that the Board approve this resolution.

FINANCIAL IMPACT:

Funds for these contract services to be provided during FY 2018 will be included in the FY 2018 Annual Operating Budget. The System Fund will finance the amount of $1,741,055.00 for contract
services (Company: 1000; Accounting Unit: 5044500; Account: 511220). The SAWS job number for the replacement of any manholes is 18-1403 (CIP). The SAWS job number for all other work is 18-0101 (O&M).

Funds for these contract services to be provided during subsequent years will be paid from System funds budgeted in the subsequent years, pursuant to and contingent upon Board approval of the subsequent years’ budgets with a line item for such expenditures. (Company: 1000; Accounting Unit: 5044500; Account: 511220).

**SUPPLEMENTARY COMMENTS:**

SAWS Sewer System Improvements Department staff prepared the specifications for this project. The engineer’s estimated construction cost is $2,000,000.00.

The bid opening was held on November 29, 2017 at 10:00 a.m. The following bids were submitted:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Bid Amount</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>T Construction, LLC*</td>
<td>$1,741,055.00</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
<tr>
<td>Facilities Rehabilitation, Inc.</td>
<td>$1,877,825.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>Engineer’s Estimate</td>
<td>$2,000,000.00</td>
<td></td>
</tr>
<tr>
<td>Texas Pride Utilities, LLC</td>
<td>$2,021,800.00</td>
<td>Non-Local/MBE-Hispanic</td>
</tr>
<tr>
<td>Nerie Construction, LLC</td>
<td>$2,053,815.00</td>
<td>Non-Local/MBE-Hispanic</td>
</tr>
<tr>
<td>National Power Rodding Corp.</td>
<td>$2,292,318.00</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
<tr>
<td>Pronto Sandblasting &amp; Coating &amp; Oil-Field Services Co., Inc.</td>
<td>$2,327,770.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>D. Guerra Construction</td>
<td>$2,987,200.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
</tbody>
</table>

*Lowest Responsible Bidder

The bid amount represents a 12.9% decrease from the estimated construction cost.

The construction contract will remain in full force for a period of 730 calendar days from the Notice to Proceed date or until funds are exhausted from the contract.
Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>SMWVB Analysis – Board Award</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SBE</td>
<td>2.41%</td>
</tr>
<tr>
<td>MBE - African American</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - Asian</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - Hispanic</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - Other</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE - Minority</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE - Non-Minority</td>
<td>0.00%</td>
</tr>
<tr>
<td>SMWVB Total</td>
<td>2.41%</td>
</tr>
</tbody>
</table>

Annette Duron
Interim-Director
Operations Support

APPROVED:

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ACCEPTING THE BID OF T CONSTRUCTION, LLC IN THE AMOUNT OF $1,741,055.00 IN CONNECTION WITH THE 2018 ANNUAL SANITARY SEWER MANHOLE ADJUSTMENT, REHABILITATION AND REPLACEMENT CONSTRUCTION CONTRACT, PACKAGE 1; AWARDING A CONSTRUCTION CONTRACT TO T CONSTRUCTION, LLC IN THE AMOUNT OF $1,741,055.00 FOR PROJECT WORK; APPROVING AND MAKING AVAILABLE THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $1,741,055.00 FROM THE SYSTEM FUND FOR THE PROJECT WORK, AND THAT THE SUBSEQUENT YEARS’ EXPENDITURES ARE PURSUANT TO AND CONTINGENT UPON BOARD APPROVAL OF THE SUBSEQUENT YEARS’ BUDGETS WITH A LINE ITEM FOR SUCH EXPENDITURES; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONTRACT WITH T CONSTRUCTION, LLC AND TO PAY T CONSTRUCTION, LLC AN AMOUNT NOT TO EXCEED $1,741,055.00 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, San Antonio Water System (the “System”) is required under the Consent Decree to inspect all sanitary sewer manholes within a 10-year period. Inherent with such a program, there are occasions when numerous manholes require remediation as a measure to reduce inflow in order to resolve capacity constraints for the purpose of eliminating the future occurrence of sanitary sewer overflows; and

WHEREAS, the System requires construction services to perform the necessary manhole adjustments, rehabilitation, and replacement (the "project work") related to the wastewater collection system maintenance program; and

WHEREAS, this contract will supplement the Distribution and Collection Operations Group with outsourced construction services to perform the necessary remediation measures which include manhole adjustments, rehabilitation, and replacement; and

WHEREAS, the System solicited bids for the project work; and
WHEREAS, T Construction, LLC, a non-local, non-SMWVB firm, submitted a bid in the amount of $1,741,055.00 for the project work, and this bid has been determined to be the lowest responsible bid; and

WHEREAS, the San Antonio Water System Board of Trustees desires to (i) accept the bid of T Construction, LLC in the amount of $1,741,055.00 in connection with the 2018 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 1, (ii) award a construction contract to T Construction, LLC in the amount of $1,741,055.00 for the project work, (iii) approve and make available an amount not to exceed $1,741,055.00 from the System Fund for the project work, and that the subsequent years’ expenditures are pursuant to and contingent upon Board approval of the subsequent years’ budgets with a line item for such expenditures, and (iv) authorize the President/Chief Executive Officer or his duly appointed designee to execute a contract with T Construction, LLC and to pay T Construction, LLC an amount not to exceed $1,741,055.00 for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the bid of T Construction, LLC in the amount of $1,741,055.00 in connection with the 2018 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 1 is hereby accepted.

2. That a construction contract is hereby awarded to T Construction, LLC in the amount of $1,741,055.00 for the project work.

3. That the expenditure of System funds in an amount not to exceed $1,741,055.00 for the project work is hereby approved and made available from the System Fund, and that the subsequent years’ expenditures are pursuant to and contingent upon Board approval of the subsequent years’ budgets with a line item for such expenditures.

4. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a contract with T Construction, LLC and to pay T Construction, LLC an amount not to exceed $1,741,055.00 in connection with the 2018 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 1.

5. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

6. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.
7. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 9th day of January, 2018.

_______________________________
Berto Guerra, Jr., Chairman

ATTEST:

___________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees
FROM: Annette Duron, Interim-Director, Operations Support, and Jeffrey J. Haby, P.E., Vice President, Production and Treatment
THROUGH: Robert R. Puente, President/Chief Executive Officer
SUBJECT: AWARD OF CONSTRUCTION CONTRACT IN CONNECTION WITH THE 2018 ANNUAL SANITARY SEWER MANHOLE ADJUSTMENT, REHABILITATION AND REPLACEMENT CONSTRUCTION CONTRACT, PACKAGE 2

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract in the amount of $2,984,100.00 to Facilities Rehabilitation, Inc., a local, MBE-Hispanic firm, in connection with the 2018 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 2.

- The San Antonio Water System (SAWS) is required under the Consent Decree to inspect all sanitary sewer manholes within a 10-year period. Inherent with such a program, there are occasions when numerous manholes require remediation as a measure to reduce inflow in order to resolve capacity constraints for the purpose of eliminating the future occurrence of sanitary sewer overflows.

- This contract will supplement the Distribution and Collection Operations Group with outsourced construction services to perform the necessary remediation measures which include manhole adjustments, rehabilitation, and replacement.

- The contract will allow for work orders to be issued for the adjustments, rehabilitation, and replacements. The work orders will be issued and managed by SAWS Distribution and Collection staff, and will be charged against the contract as the work orders are executed.

- The standard construction bidding process was used for this contract.

- Facilities Rehabilitation, Inc. has submitted the low bid of $2,984,100.00.

Staff recommends that the Board approve this resolution.

FINANCIAL IMPACT:

Funds for these contract services to be provided during FY 2018 will be included in the FY 2018 Annual Operating Budget. The System Fund will finance the amount of $2,984,100.00 for contract
services (Company: 1000; Accounting Unit: 5044500; Account: 511220). The SAWS job number for the replacement of any manholes is 18-1403 (CIP). The SAWS job number for all other work is 18-0102 (O&M).

Funds for these contract services to be provided during FY 2019 will be paid from System funds budgeted in the 2019 Budget, pursuant to and contingent upon Board approval of the 2019 budget with a line item for such expenditures. (Company: 1000; Accounting Unit: 5044500; Account: 511220).

SUPPLEMENTARY COMMENTS:

SAWS Sewer System Improvements Department staff prepared the specifications for this project. The engineer’s estimated construction cost is $3,500,000.00.

The bid opening was held on November 29, 2017 at 2:30 p.m. The following bids were submitted:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Bid Amount</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilities Rehabilitation, Inc.*</td>
<td>$2,984,100.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>T Construction, LLC</td>
<td>$3,058,310.00</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
<tr>
<td>Nerie Construction, LLC</td>
<td>$3,113,450.00</td>
<td>Non-Local/MBE-Hispanic</td>
</tr>
<tr>
<td>National Power Rodding Corp.</td>
<td>$3,273,103.30</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
<tr>
<td>Engineer’s Estimate</td>
<td>$3,500,000.00</td>
<td></td>
</tr>
<tr>
<td>Pronto Sandblasting &amp; Coating &amp; Oil-Field Services Co., Inc.</td>
<td>$3,795,950.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>D. Guerra Construction, LLC</td>
<td>$4,572,175.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
</tbody>
</table>

*Low Responsible Bidder

The bid amount represents a 14.7 percent decrease from the estimated construction cost.

The construction contract will remain in full force for a period of 365 calendar days from the Notice to Proceed date or until funds are exhausted from the contract.
Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>SBE</th>
<th>0.00%</th>
</tr>
</thead>
<tbody>
<tr>
<td>MBE - African American</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - Asian</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - Hispanic</td>
<td>98.99%</td>
</tr>
<tr>
<td>MBE - Other</td>
<td>0.00%</td>
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<tr>
<td>WBE - Minority</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE - Non-Minority</td>
<td>0.00%</td>
</tr>
<tr>
<td>SMWB Total</td>
<td>98.99%</td>
</tr>
</tbody>
</table>

Annette Duron  
Interim-Director  
Operations Support

Jeffrey J. Buby, P.E.  
Vice President  
Production and Treatment

Robert R. Puente  
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ACCEPTING THE BID OF FACILITIES REHABILITATION, INC. IN THE AMOUNT OF $2,984,100.00 IN CONNECTION WITH THE 2018 ANNUAL SANITARY SEWER MANHOLE ADJUSTMENT, REHABILITATION AND REPLACEMENT CONSTRUCTION CONTRACT, PACKAGE 2; AWARDING A CONSTRUCTION CONTRACT TO FACILITIES REHABILITATION, INC. IN THE AMOUNT OF $2,984,100.00 FOR PROJECT WORK; APPROVING AND MAKING AVAILABLE THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $2,984,100.00 FROM THE SYSTEM FUND FOR THE PROJECT WORK, AND THAT THE SUBSEQUENT YEAR’S EXPENDITURES ARE PURSUANT TO AND CONTINGENT UPON BOARD APPROVAL OF THE SUBSEQUENT YEAR’S BUDGET WITH A LINE ITEM FOR SUCH EXPENDITURES; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONTRACT WITH FACILITIES REHABILITATION, INC. AND TO PAY FACILITIES REHABILITATION, INC. AN AMOUNT NOT TO EXCEED $2,984,100.00 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, San Antonio Water System (the “System”) is required under the Consent Decree to inspect all sanitary sewer manholes within a 10-year period. Inherent with such a program, there are occasions when numerous manholes require remediation as a measure to reduce inflow in order to resolve capacity constraints for the purpose of eliminating the future occurrence of sanitary sewer overflows; and

WHEREAS, the System requires construction services to perform the necessary manhole adjustments, rehabilitation, and replacement (the "project work") related to the wastewater collection system maintenance program; and

WHEREAS, this contract will supplement the Distribution and Collection Operations Group with outsourced construction services to perform the necessary remediation measures which include manhole adjustments, rehabilitation, and replacement; and

WHEREAS, the System solicited bids for the project work; and
WHEREAS, Facilities Rehabilitation, Inc., a local, MBE-Hispanic firm, submitted a bid in the amount of $2,984,100.00 for the project work, and this bid has been determined to be the lowest responsible bid; and

WHEREAS, the San Antonio Water System Board of Trustees desires to (i) accept the bid of Facilities Rehabilitation, Inc. in the amount of $2,984,100.00 in connection with the 2018 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 2, (ii) award a construction contract to Facilities Rehabilitation, Inc. in the amount of $2,984,100.00 for project work, (iii) approve and make available an amount not to exceed $2,984,100.00 from the System Fund for the project work, and that the subsequent year’s expenditures are pursuant to and contingent upon Board approval of the subsequent year’s budget with a line item for such expenditures, and (iv) authorize the President/Chief Executive Officer or his duly appointed designee to execute a contract with Facilities Rehabilitation, Inc. and to pay Facilities Rehabilitation, Inc. an amount not to exceed $2,984,100.00 for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the bid of Facilities Rehabilitation, Inc. in the amount of $2,984,100.00 in connection with the 2018 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 2 is hereby accepted.

2. That a construction contract is hereby awarded to Facilities Rehabilitation, Inc. in the amount of $2,984,100.00 for the project work.

3. That the expenditure of System funds in an amount not to exceed $2,984,100.00 for the project work is hereby approved and made available from the System Fund, and that the subsequent year’s expenditures are pursuant to and contingent upon Board approval of the subsequent year’s budget with a line item for such expenditures.

4. That the System's President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a contract with Facilities Rehabilitation, Inc. and to pay Facilities Rehabilitation, Inc. an amount not to exceed $2,984,100.00 in connection with the 2018 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 2.

5. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

6. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.
7. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 9th day of January, 2018.

_______________________________
Berto Guerra, Jr., Chairman

ATTEST:

___________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Alissa R. Lockett, Director, Construction and Maintenance, and Michael S. Brinkmann, Vice President, Distribution and Collection Operations

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF CONSTRUCTION CONTRACT IN CONNECTION WITH THE 2017 ANNUAL CONCRETE PLACEMENT WORK ORDER CONSTRUCTION CONTRACT, PACKAGE 1

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract to Green Hall, LLC, a local, WBE-Hispanic contractor, in the amount of $565,830.00, in connection with the 2017 Annual Concrete Placement Work Order Construction Contract, Package 1.

- Following the repair or replacement of San Antonio Water System (SAWS) buried infrastructure, restoration of driveways, curbs, sidewalks, retaining walls, and other affected concrete areas may be required. Approximately 23 percent of over 1,500 concrete restoration work orders in 2016 were assigned to a contractor due to limited in-house resources; therefore, this contract provides contractor support to assist Distribution and Collection Operations with concrete construction activities.

- This type of annual contract, which has unit prices for various predefined line items, has been in place since 2003, increasing available resources and reducing cycle times, thus providing our customers with improved service.

- Work orders will be issued and managed by SAWS operations staff and will be charged against the contract as executed for a time period of up to one year or until funds have been exhausted.

- The standard construction bidding process was used for this contract.

- Green Hall, LLC has submitted the lowest responsible bid of $565,830.00.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

The cost will be paid from System funds in the 2018 Distribution and Collection Operations budget (Company: 1000, Accounting Unit: 5029000, Account: 511220, Total amount: $565,830.00). The SAWS job number for this project is 17-0116.

SUPPLEMENTARY COMMENTS:

SAWS staff prepared the specifications for this project. The bid opening was held on November 8, 2017 at 9:30 a.m. The following bids were submitted:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Bid Amount</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Hall, LLC*</td>
<td>$565,830.00</td>
<td>Local / WBE-Hispanic</td>
</tr>
<tr>
<td>Gilbert’s Utility &amp; Concrete Work, Inc.</td>
<td>$572,050.00</td>
<td>Local / MBE-Hispanic</td>
</tr>
<tr>
<td>Pronto Sandblasting &amp; Coating &amp; Oil Field Services Co., Inc.</td>
<td>$583,150.00</td>
<td>Local / MBE-Hispanic</td>
</tr>
<tr>
<td>Engineer’s Estimate</td>
<td>$600,000.00</td>
<td></td>
</tr>
<tr>
<td>D. Guerra Construction, LLC</td>
<td>$649,245.00</td>
<td>Local / MBE-Hispanic</td>
</tr>
</tbody>
</table>

* Lowest Responsible Bidder

The bid amount is 5.70 percent under the estimated construction cost. This contract provides for ten calendar days for completion of each individual work order issued.

Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>2017 Annual Concrete Placement Work Order Construction Contract, Package 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Hall, LLC</td>
</tr>
<tr>
<td>SMWVB Analysis – Board Award</td>
</tr>
<tr>
<td>SBE</td>
</tr>
<tr>
<td>MBE – African American</td>
</tr>
<tr>
<td>MBE – Asian</td>
</tr>
<tr>
<td>MBE – Hispanic</td>
</tr>
<tr>
<td>MBE – Other</td>
</tr>
<tr>
<td>WBE – Minority</td>
</tr>
<tr>
<td>WBE – Non-Minority</td>
</tr>
<tr>
<td>SMWVB Total</td>
</tr>
</tbody>
</table>
Award of Construction Contract
2017 Annual Concrete Placement Work Order
Construction Contract, Package 1

Alissa R. Lockett, P.E.
Director
Construction and Maintenance

APPROVED:

Robert R. Puente
President/Chief Executive Officer

Michael S. Brinkmann
Vice President
Distribution and Collection Operations
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ACCEPTING THE BID OF GREEN HALL, LLC IN THE AMOUNT OF $565,830.00 IN CONNECTION WITH THE 2017 ANNUAL CONCRETE PLACEMENT WORK ORDER CONSTRUCTION CONTRACT, PACKAGE 1; AWARDING A CONSTRUCTION CONTRACT TO GREEN HALL, LLC IN THE AMOUNT OF $565,830.00 FOR PROJECT WORK; APPROVING THE EXPENDITURE OF FUNDS AND TO MAKE AVAILABLE AN AMOUNT NOT TO EXCEED $565,830.00 FROM THE SYSTEM FUND FOR THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONSTRUCTION CONTRACT WITH GREEN HALL, LLC, AND TO PAY GREEN HALL, LLC AN AMOUNT NOT TO EXCEED $565,830.00 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, following the repair or replacement of the San Antonio Water System’s (the “System”) buried infrastructure, restoration of driveways, curbs, sidewalks, retaining walls, and other affected concrete areas may be required; this contract provides contractor support to assist Distribution and Collection Operations with concrete construction activities (the “project work”) that cannot be completed in-house due to workload and staffing; and

WHEREAS, annual work order concrete placement contracts have been successfully implemented in the past; and

WHEREAS, this contract will allow for work orders with defined scopes to be issued to a contractor, increasing available resources, allowing for a quicker response time, and reducing cycle times, thus providing our customers with improved service; and

WHEREAS, Green Hall, LLC, a local, WBE-Hispanic contractor, has submitted a bid in the amount of $565,830.00 for the project work, and this bid has been determined to be the lowest responsible bid; and

WHEREAS, System funds in the not to exceed amount of $565,830.00 are required for the project work; and

WHEREAS, the total amount of $565,830.00 is available from the System Fund for the project work; and
WHEREAS, the San Antonio Water System Board of Trustees desires (i) to accept the bid of Green Hall, LLC in the amount of $565,830.00 in connection with the 2017 Annual Concrete Placement Work Order Construction Contract, Package 1, (ii) to award a construction contract to Green Hall, LLC in the amount of $565,830.00 for the project work, (iii) to approve the expenditure of funds and make available an amount not to exceed $565,830.00 from the System Fund for the project work, and (iv) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a contract with Green Hall, LLC, and to pay Green Hall, LLC an amount not to exceed $565,830.00 for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the bid of Green Hall, LLC in the amount of $565,830.00 in connection with the 2017 Annual Concrete Placement Work Order Construction Contract, Package 1 is hereby accepted.

2. That a construction contract in the amount of $565,830.00 for the project work is hereby awarded to Green Hall, LLC.

3. That the expenditure of funds in an amount not to exceed $565,830.00 for the project work is hereby approved.

4. That an amount not to exceed $565,830.00 for the project work is hereby made available and is to be expended from the System’s Project Fund.

5. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a contract with Green Hall, LLC, and to pay Green Hall, LLC an amount not to exceed $565,830.00 in connection with the 2017 Annual Concrete Placement Work Order Construction Contract, Package 1.

6. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

7. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

8. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 9th day of January, 2018.

_______________________________
Berto Guerra, Jr., Chairman

ATTEST:

___________________________
Ernesto Arrellano, Jr., Secretary
AGENDA ITEM NO. 19

TO: San Antonio Water System Board of Trustees

FROM: Alissa R. Lockett, Director, Construction and Maintenance, and Michael S. Brinkmann, Vice President, Distribution and Collection Operations

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF CONSTRUCTION CONTRACT IN CONNECTION WITH THE 2017 ANNUAL CONCRETE PLACEMENT WORK ORDER CONSTRUCTION CONTRACT, PACKAGE 2

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract to Gilbert’s Utility & Concrete Work, Inc., a local, MBE-Hispanic contractor, in the amount of $546,050.00 in connection with the 2017 Annual Concrete Placement Work Order Construction Contract, Package 2.

- Following the repair or replacement of San Antonio Water System (SAWS) buried infrastructure, restoration of driveways, curbs, sidewalks, retaining walls, and other affected concrete areas may be required. Approximately 23 percent of over 1,500 concrete restoration work orders in 2016 were assigned to a contractor due to limited in-house resources; therefore, this contract provides contractor support to assist Distribution and Collection Operations with concrete construction activities.

- This type of annual contract, which has unit prices for various predefined line items, has been in place since 2003, increasing available resources and reducing cycle times, thus providing our customers with improved service.

- Work orders will be issued and managed by SAWS operations staff and will be charged against the contract as executed for a time period of up to one year or until funds have been exhausted.

- The standard construction bidding process was used for this contract.

- Gilbert’s Utility & Concrete Work, Inc. has submitted the lowest responsible bid of $546,050.00.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

The cost will be paid from System funds in the 2018 Distribution and Collection Operations budget (Company: 1000, Accounting Unit: 5029000, Account: 511220, Total amount: $546,050.00). The SAWS job number for this project is 17-0117.

SUPPLEMENTARY COMMENTS:

SAWS staff prepared the specifications for this project. The bid opening was held on November 8, 2017 at 2:00 p.m. The following bids were submitted:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Bid Amount</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gilbert’s Utility &amp; Concrete Work, Inc.*</td>
<td>$546,050.00</td>
<td>Local / MBE-Hispanic</td>
</tr>
<tr>
<td>Pronto Sandblasting &amp; Coating &amp; Oil Field Services Co., Inc.</td>
<td>$564,250.00</td>
<td>Local / MBE-Hispanic</td>
</tr>
<tr>
<td>Green Hall, LLC</td>
<td>$564,380.00</td>
<td>Local / WBE-Hispanic</td>
</tr>
<tr>
<td>Engineer’s Estimate</td>
<td>$600,000.00</td>
<td></td>
</tr>
<tr>
<td>M2 Federal, Inc.</td>
<td>$623,690.00</td>
<td>Non-Local / SBE</td>
</tr>
<tr>
<td>D. Guerra Construction, LLC</td>
<td>$636,945.00</td>
<td>Local / MBE-Hispanic</td>
</tr>
</tbody>
</table>

* Lowest Responsible Bidder

The bid amount is 8.99 percent under the estimated construction cost. This contract provides for ten calendar days for completion of each individual work order issued.

Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>SMWVB Analysis – Board Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBE</td>
</tr>
<tr>
<td>MBE – African American</td>
</tr>
<tr>
<td>MBE – Asian</td>
</tr>
<tr>
<td>MBE – Hispanic</td>
</tr>
<tr>
<td>MBE – Other</td>
</tr>
<tr>
<td>WBE – Minority</td>
</tr>
<tr>
<td>WBE – Non-Minority</td>
</tr>
<tr>
<td><strong>SMWVB Total</strong></td>
</tr>
</tbody>
</table>
Award of Construction Contract
2017 Annual Concrete Placement Work Order
Construction Contract, Package 2

Alissa R. Lockett, P.E.
Director
Construction and Maintenance

APPROVED:

Robert R. Puente
President/Chief Executive Officer

Michael S. Brinkmann
Vice President
Distribution and Collection Operations
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ACCEPTING THE BID OF GILBERT’S UTILITY & CONCRETE WORK, INC. IN THE AMOUNT OF $546,050.00 IN CONNECTION WITH THE 2017 ANNUAL CONCRETE PLACEMENT WORK ORDER CONSTRUCTION CONTRACT, PACKAGE 2; AWARDING A CONSTRUCTION CONTRACT TO GILBERT’S UTILITY & CONCRETE WORK, INC. IN THE AMOUNT OF $546,050.00 FOR PROJECT WORK; APPROVING THE EXPENDITURE OF FUNDS AND TO MAKE AVAILABLE AN AMOUNT NOT TO EXCEED $546,050.00 FROM THE SYSTEM FUND FOR THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONSTRUCTION CONTRACT WITH GILBERT’S UTILITY & CONCRETE WORK, INC. AND TO PAY GILBERT’S UTILITY & CONCRETE WORK, INC. AN AMOUNT NOT TO EXCEED $546,050.00 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, following the repair or replacement of the San Antonio Water System’s (the “System”) buried infrastructure, restoration of driveways, curbs, sidewalks, retaining walls, and other affected concrete areas may be required; this contract provides contractor support to assist Distribution and Collection Operations with concrete construction activities (the “project work”) that cannot be completed in-house due to workload and staffing; and

WHEREAS, annual work order concrete placement contracts have been successfully implemented in the past; and

WHEREAS, this contract will allow for work orders with defined scopes to be issued to a contractor, increasing available resources, allowing for a quicker response time, and reducing cycle times, thus providing our customers with improved service; and

WHEREAS, Gilbert’s Utility & Concrete Work, Inc., a local, MBE-Hispanic contractor, has submitted a bid in the amount of $546,050.00 for the project work, and this bid has been determined to be the lowest responsible bid; and

WHEREAS, System funds in the not to exceed amount of $546,050.00 are required for the project work; and
WHEREAS, the total amount of $546,050.00 is available from the System Fund for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to accept the bid of Gilbert’s Utility & Concrete Work, Inc. in the amount of $546,050.00 in connection with the 2017 Annual Concrete Placement Work Order Construction Contract, Package 2, (ii) to award a construction contract to Gilbert’s Utility & Concrete Work, Inc. in the amount of $546,050.00 for the project work, (iii) to approve the expenditure of funds and make available an amount not to exceed $546,050.00 from the System Fund for the project work, and (iv) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a contract with Gilbert’s Utility & Concrete Work, Inc., and to pay Gilbert’s Utility & Concrete Work, Inc. an amount not to exceed $546,050.00 for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the bid of Gilbert’s Utility & Concrete Work, Inc. in the amount of $546,050.00 in connection with the 2017 Annual Concrete Placement Work Order Construction Contract, Package 2 is hereby accepted.

2. That a construction contract in the amount of $546,050.00 for the project work is hereby awarded to Gilbert’s Utility & Concrete Work, Inc.

3. That the expenditure of funds in an amount not to exceed $546,050.00 for the project work is hereby approved.

4. That an amount not to exceed $546,050.00 for the project work is hereby made available and is to be expended from the System’s Project Fund.

5. That the System's President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a contract with Gilbert’s Utility & Concrete Work, Inc. and to pay Gilbert’s Utility & Concrete Work, Inc. an amount not to exceed $546,050.00 in connection with the 2017 Annual Concrete Placement Work Order Construction Contract, Package 2.

6. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

7. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.
8. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 9th day of January, 2018.

_______________________________
Berto Guerra, Jr., Chairman

ATTEST:

___________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Mary Bailey, Vice President, Accounting & Business Planning, and Sree Pulapaka, Vice President, Chief Information Officer

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPROVING THE MASTER AGREEMENT WITH APPLICATIONS SOFTWARE TECHNOLOGY, LLC TO PROVIDE BUDGET SOFTWARE IMPLEMENTATION SERVICES LICENSES

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The attached Resolution approves the Master Agreement (“Agreement”) with Applications Software Technology, LLC (“AST”), a non-local, non-SMWVB firm, for budget software implementation services and licenses in an amount not to exceed $806,250.00.

SAWS has used Lawson Budget Planning (“LBP”), a product of INFOR, to support budget development since 2007. INFOR will no longer support the LBP product after April 2018. As a result, in July 2017, SAWS issued a “Request for Competitive Sealed Proposals” and interviewed the three highest-scoring firms that submitted proposals.

The three firms were evaluated by a SAWS selection committee of six individuals from the Contracting Department, the Information Services Department and the Financial Services Department. AST was selected as having the best qualified proposal. AST is an Oracle Platinum Partner and has proposed implementing Oracle Planning and Budgeting Cloud Service (PBCS) and Oracle Enterprise Performance Reporting Cloud Service (EPRCS).

The scope of work includes a fixed price of $359,000.00 to implement both PBCS and EPRCS and three years of Oracle licensing fees totaling $422,250.00 ($140,750.00 annually). The total amount requested of $806,250.00 also provides up to $25,000.00 for post-implementation support services.

AST implementation services are expected to be completed by May 31, 2017. The software licenses are for a period of three years. SAWS may renew those licenses annually thereafter.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

Funds will be made available from the System Fund. The total amount of the contract is not to exceed $806,250.00.

The implementation services, including post implementation support, will be paid from System Fund budgeted in the 2018 budget (Company: 1000, Accounting Unit: 5020900, Accounts: 511312, Total 2018 amount: $384,000.00). 2018 licensing fees will be paid from System Fund budgeted in the 2018 budget (Company: 1000, Accounting Unit: 5020900, Accounts: 511381, Total 2018 amount: $140,750.00). Annual licensing fees for 2019 and 2020 in the amount of $140,750.00 will paid from the operating budget for those years.

SUPPLEMENTARY COMMENTS:

- A competitive process was used to select a firm. SAWS received proposals from the following firms listed below:

<table>
<thead>
<tr>
<th>NAME OF FIRM</th>
<th>LOCAL/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neubrain, LLC</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
<tr>
<td>Infor Public Sector, Inc.</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
<tr>
<td>Questica, Inc.</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
<tr>
<td>Applications Software Technology, LLC *</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
<tr>
<td>Sierra-Cedar, Inc.</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
<tr>
<td>Tangenz Corporation</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
</tbody>
</table>

*Successful Firm

Each proposal was scored on its response to the scope of work, and each interviewed firm was scored on its capabilities, response to the assignment, response to questions that were asked of each firm, presentation, software demonstration, and quality of work.
Approval of an Agreement

Budget Software Implementation Services and Licenses

- AST was selected by the committee as the best-qualified proposer, based on demonstrated competence and qualifications and the firm offering best value to SAWS.

<table>
<thead>
<tr>
<th>Budget Software Implementation Services and Licenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applications Software Technology, LLC</td>
</tr>
<tr>
<td>SMWVB Analysis – Board Award</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>SBE</td>
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<tr>
<td>MBE – African American</td>
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<tr>
<td>MBE - Asian</td>
</tr>
<tr>
<td>MBE - Hispanic</td>
</tr>
<tr>
<td>MBE - Other</td>
</tr>
<tr>
<td>WBE - Minority</td>
</tr>
<tr>
<td>WBE – Non-Minority</td>
</tr>
<tr>
<td>SMWVB Total</td>
</tr>
</tbody>
</table>

Mary Bailey
Vice President
Accounting & Business Planning

APPROVED:

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING THE MASTER AGREEMENT WITH APPLICATIONS SOFTWARE TECHNOLOGY, LLC TO PROVIDE BUDGET SOFTWARE IMPLEMENTATION SERVICES AND THREE YEARS OF SOFTWARE LICENSES FOR ORACLE PLANNING AND BUDGETING CLOUD SERVICE AND ORACLE ENTERPRISE PERFORMANCE REPORTING CLOUD SERVICE WITH AN OPTION TO EXTEND THE LICENSES ANNUALLY THEREAFTER; AUTHORIZING TOTAL EXPENDITURES NOT TO EXCEED $806,250.00 CONSISTING OF $359,000.00 FOR BUDGET SOFTWARE IMPLEMENTATION SERVICES, $25,000.00 FOR POST IMPLEMENTATION SUPPORT SERVICES AND $422,250.00 FOR SOFTWARE LICENSES; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE THE MASTER AGREEMENT WITH APPLICATIONS SOFTWARE TECHNOLOGY, LLC; FINDING THIS RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System has used Lawson Budget Planning (“LBP”), a product of INFOR, to support budget development since 2007; and

WHEREAS, INFOR has advised SAWS that it will no longer support the LBP product after April 2018; and

WHEREAS, the System set out through a competitive process to obtain proposals from various consulting firms to provide budget software and implementation services; and

WHEREAS, after reviewing the proposals submitted and interviewing the top three firms, the selection committee recommends Applications Systems Technology, LLC (“AST”), a non-local, non-SMWVB firm, as the best firm to provide budget software and implementation services; and

WHEREAS, AST is an Oracle Platinum Partner and has proposed implementing Oracle Planning and Budgeting Cloud Service (PBCS) and Oracle Enterprise Performance Reporting Cloud Service (EPRCS); and

WHEREAS, the total amount to implement both PBCS and EPRCS and provide post implementation support is not to exceed $359,000.00 and $25,000.00, respectively; and

WHEREAS, the total amount for three years of software licenses for PBCS and EPRCS is $422,250.00 or $140,750.00 annually; and
WHEREAS, the software licenses may be extended annually thereafter upon approval of the Board of Trustees; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the Master Agreement with Applications Software Technology, LLC to provide budget software implementation services and three years of software licenses to Oracle Planning and Budgeting Cloud Service and Oracle Enterprise Performance Reporting Cloud Service with an option to extend the licenses annually thereafter; (ii) to authorize total expenditures not to exceed $806,250.00 consisting of $359,000.00 for budget software implementation services, $25,000.00 for post implementation support, and $422,250.00 for software licenses; and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to execute the Master Agreement with Applications Software Technology, LLC; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the Master Agreement with Applications Software Technology, LLC to provide budget software implementation services and three years of software licenses to Oracle Planning and Budgeting Cloud Service and Oracle Enterprise Performance Reporting Cloud Service with an option to extend the licenses annually thereafter is hereby approved.

2. That an amount not to exceed the sum of $806,250.00 consisting of $359,000.00 for budget software implementation services, $25,000.00 for post implementation support, and $422,250.00 for software licenses is hereby authorized.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute the Master Agreement with attached contract with Applications Software Technology, LLC.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that publish notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended. Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This Resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this the 9th day of January, 2018.

______________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Ernesto Arrellano, Jr., Secretary

Attachment 1: Master Agreement with Applications Software Technology, LLC.
MASTER AGREEMENT

This MASTER AGREEMENT ("Agreement") made effective the _____ of __________ ("Effective Date"), is by and between APPLICATIONS SOFTWARE TECHNOLOGY LLC, ("AST") a Delaware limited liability company, with offices at 1755 Park Street, Suite 100, Naperville, Illinois 60563 ("Contractor") and San Antonio Water System, a public utility , with offices at 2800 US Hwy 281 North, San Antonio, Texas ("Customer" or “SAWS”), and both of whom shall be referred to as the “Parties”, as appropriate. In consideration of the covenants and obligations set forth in this Agreement, the Parties therefore agree as follows:

1. GENERAL

1.1 Definitions and Usage. Capitalized terms used herein shall have the meanings ascribed to them in the body of this Agreement and in any other Amendment, Exhibit or Attachment to this Agreement.

2. CONTRACTOR SERVICES

2.1 Services. The Customer retains the Contractor, and the Contractor shall provide, under the provisions of this Agreement the labor and materials required to perform the services related thereto, in accordance with the terms of this Agreement ("Services").

2.2 Licenses or Subscriptions to Third Party Software. Contractor may, upon request by the Customer, resell to the Customer licenses to use software created or developed and owned by third parties ("Third Party Software"). The Customer acknowledges that the Contractor does not own or hold any proprietary or other rights to such Third Party Software and makes no representations or warranties in respect of such Third Party Software including without limitation suitability for a particular purpose or functionality. The Customer is solely responsible for assessing and determining whether such Third Party Software is suitable for the Customer’s purposes. Licenses to use Third Party Software shall be sold to the Customer under a separate Statement of Work and shall be subject to the provisions of any terms and conditions, user agreement or license agreement that may be prescribed by such third party. Once purchased, the Customer shall not have any right to withhold payment for the licenses, rescind the contract of purchase or cancel such licenses, notwithstanding the termination of any related Statement of Work issued and accepted by the Contractor hereunder or the expiry or termination of this Agreement.

2.3 Additional Services. The Customer may elect to have Contractor perform Services that are not specifically described in the Statement of Work ("Additional Services"). Contractor shall perform such Additional Services either on a time-and-materials basis or on a fixed-fee basis, as approved by the Customer and accepted by Contractor pursuant to a Change Order Request as set out in Section 3.2.1.

2.4 Independent Contractor Status. The Contractor is and shall remain an independent contractor and is not an agent, employee, partner, nor joint venture of the Customer.

3. STATEMENT OF WORK

3.1 Statements of Work. Statements of Work (also referred to as “Work Orders”) may include a complete description of services to be performed, deliverables or other materials to be produced,
the schedule for completion of each of the foregoing, the applicable charges, and any additional terms the Parties mutually agree to include. Statements of Work may contain both time and materials and fixed fee based payment entries. Each Statement of Work and this Master Agreement, when fully executed by both Parties, shall constitute a separate binding contract between the Parties. Each Statement of Work may include additional terms and conditions applicable to the provision of Services, work product or deliverables, or a resale of Third Party Software thereunder. The Statements of Work and other Exhibits as described in this Agreement are incorporated herein by reference.

3.2 Changes to the scope of work. Either Party may, upon written notice to the other Party, propose changes to the scope of the Services to be performed pursuant to any Statement of Work (“Change Order Request”). All such changes shall be made in accordance with the procedures set forth in Section 3.2.1 and the other terms of this Agreement.

3.2.1 Change Order Request by Customer. When the Change Order Request is proposed by the Customer, Contractor shall, upon receiving a Change Order Request, review the proposed change and submit to the Customer a change in scope proposal (the “Change in Scope Proposal”) which shall outline in sufficient detail the tasks to be performed to accomplish such proposed changes in the scope of the Services, and any applicable fees. Such Change Order Request(s) and Change in Scope Proposal shall only be effective when fully executed by both Parties. Unless otherwise specified in writing, the Change Order Request for a specific Statement of Work shall only apply to that Statement of Work. If the Change Order Request and Change in Scope Proposal are not fully executed by both Parties, neither party shall have an obligation to the other under the Change Order Request and Change in Scope Proposal.

Change Order Request by Contractor. The Contractor may also propose changes to the scope of Services to be performed under any Statement of Work in order to (i) improve the quality or functionality of Services, work product or deliverables being provided; (ii) accommodate any unforeseen technical difficulties encountered in the provision of Services, work product or deliverables; or (iii) correct any inadvertent errors in the Services, work product or deliverables already provided but not accepted by the Customer. Such Change Order Request and Change in Scope Proposal shall be effective only if accepted in writing by the Customer. Upon acceptance and execution by both Parties, the Contractor shall be obligated to perform the agreed upon services and the Customer shall be liable to pay the Contractor the additional fees as included in the Change Order Request and the Change in Scope Proposal.

4. COMPENSATION

4.1 Pricing and Payment. The Contractor shall invoice and the Customer shall pay in full the fees to the Contractor as set forth the Agreement, Statement of Work, Exhibits, Amendments, Change Order Requests, Change in Scope Proposals or any other related document regarding fee for Services. The Customer shall pay invoiced amounts within thirty (30) calendar days of receipt of the invoice. Any invoices not paid within thirty (30) days of receipt shall bear compound interest at the rate of one and half percent (1 1/2%) per month, or such other lower rate as may be the maximum rate permitted under applicable law.
4.2 Expenses. All expenses shall be included in the fixed fee charged as agreed upon in each of the Statement of Work, Change Order Request, Change in Scope Proposal or any other related document disclosing fee for Services.

4.3 Taxes. Customer qualifies for exemption from State and local sales tax and will furnish the Contractor with a tax exemption certificate. It is the Contractor’s responsibility to claim exemption from payment of applicable State and local sales taxes by complying with such procedures as may be prescribed by the State Comptroller of Public Accounts.

5. TERM AND TERMINATION

5.1 Term. This Agreement shall commence as of the Effective Date and shall continue in full force and effect until terminated in accordance with the terms hereof (the “Term”).

5.2 Termination for Convenience. Either party may terminate this Agreement for convenience upon thirty (30) consecutive calendar days’ written notice to the other party. The Customer agrees to pay Contractor for any services performed up to the effective date of termination. Notice of termination of any Statement of Work shall not be considered notice of termination of this Agreement unless specifically stated in the notice. Notwithstanding the foregoing, termination of this Agreement shall not result in a termination of any agreement to resell Third Party Software to the Customer.

5.3 Contractor Default Provisions.

5.3.1 Events of Default by Contractor. The Contractor’s failure to perform or observe any of the material provisions of this Agreement shall constitute a “Contractor Event of Default” hereunder.

5.3.2 Provisions for Remedies of Customer. Upon the occurrence of a Contractor Event of Default as set out in Section 5.3.1, the Customer shall provide written notice of such Contractor Event of Default to the Contractor (“Notice to Cure”), and the Contractor shall have thirty (30) calendar days after receipt of a Notice to Cure to commence reasonable steps to correct, cure, and/or remedy the Contractor Event of Default described in the written notice. If it is not possible to cure the default within this thirty (30) day time period, the Contractor will provide to the Customer within thirty (30) calendar days after receipt of Notice to Cure a written plan, including a timeline, to correct, cure, and/or remedy the Contractor Event of default. The Contractor shall proceed to cure the default in accordance with the approved plan.

5.4 Customer Default Provisions.

5.4.1 Events of Default by Customer. Any of the following shall constitute a “Customer Event of Default” hereunder: (i) the Customer fails to make timely payments as described in this Agreement; or (ii) the Customer fails to perform or observe any of the material provisions of this Agreement.

5.4.2 Provisions for Remedies of Contractor. Upon the occurrence of a Customer Event of Default as set out in Section 5.4.1 the Contractor shall provide written notice of such Customer Event of Default to the Customer (“Notice to Cure”), and the Customer shall have thirty (30) calendar days after receipt of a Notice to Cure to correct, cure, and/or remedy the Customer Event of Default described in the written notice.
5.5 **Termination for Cause.**

5.5.1 **Termination for Cause by the Customer.** In the event a Contractor Event of Default is not cured as authorized herein, the Customer may terminate this Agreement in whole or in part effective on receipt by the Contractor of written notice of termination pursuant to this provision.

5.5.2 **Termination for Cause by the Contractor.** In the event a Customer Event of Default is not cured as authorized herein, the Contractor may terminate this Agreement in whole or in part effective on receipt by the Customer of written notice of termination pursuant to this provision.

5.6 **Obligations on Termination.**

5.6.1 Upon termination of this Agreement for Cause or for Convenience, Contractor shall have no further obligation to provide any Services.

5.6.2 The Contractor shall terminate all subcontracts to the extent they relate to the Agreement and settle all outstanding liabilities and termination settlement proposals arising from the termination of subcontracts.

5.6.3 Contractor shall be entitled to compensation for fees and Services rendered up to and including the effective termination date. The Services shall be paid on a time and materials basis, at hourly rates as set forth in the Statement of Work.

5.6.4 The Customer shall cause payments to be made to Contractor within thirty (30) calendar days after receipt of Contractor’s invoice.

5.6.5 The Contractor shall deliver to the Customer, as directed by the Customer, any: (i) completed deliverables; (ii) partially completed deliverables; related to the terminated portion of this Agreement; and (iii) any plans, working papers, forms and documentation for which the Customer has paid the fees to the Contractor.

5.6.6 Unless provided otherwise herein, in the event of termination, any software license fees and hosting services fee paid prior to the termination date shall be forfeited by the Customer.

5.7 **Excusing Events.** Notwithstanding anything to the contrary contained herein, the failure (or prospective failure) of either party to perform its obligations under this Agreement shall be excused if, and to the extent that, such failure is caused by one of the following (an “**Excusing Event**”):

i. A Force Majeure Event as defined in Section 12.1; or

ii. A breach by the other party under this Agreement;

If an Excusing Event occurs, completion dates for deliverables in the project plan and fees will be adjusted accordingly on an equitable basis through a Change Order Request outlined in Section 3.2.1 herein.

6. **CONFIDENTIAL INFORMATION**

6.1 **Customer Confidential Information.** Contractor shall not disclose to any third-party Customer Confidential Information that Contractor, through its Contractor personnel, has access to or has received from the Customer pursuant to its performance of Services pursuant to this Agreement, unless approved in writing by the Customer. For any material to be considered Confidential, it has to be expressly marked as “Confidential”. All such Customer Confidential Information will
be held in confidence from the date of disclosure by the Customer, and discussions involving such Customer Confidential Information shall be limited to the Contractor’s personnel.

6.2 **Contractor Confidential Information.** All Contractor Confidential Information received by the Customer from the Contractor will be held in confidence from the date of disclosure by the Contractor and discussions involving such Contractor Confidential Information shall be limited to the members of the Customer’s staff who require such information in the performance of this Agreement. For any material to be considered Confidential, it has to be expressly marked as “Confidential”. Contractor hereby notifies the Customer, and the Customer acknowledges receipt of said notification, that the Contractor Confidential Information may constitute a trade secret as defined by applicable state law.

The Customer acknowledges that disclosure of source codes, methodology and other confidential information to any third parties will result in irreparable harm to Contractor for which monetary damages would be an inadequate remedy and agrees that no such disclosure shall be made to anyone without first notifying and receiving written consent of Contractor, except as otherwise provided by law.

The Customer further acknowledges and agrees to respect the copyrights, registrations, trade secrets and other proprietary rights of Contractor and Contractor’s subcontractors during and after the term of this Agreement and shall at all times maintain the confidentiality of the Contractor Confidential Information provided to the Customer.

6.3 **Survival.** The obligations hereunder with respect to each item of Customer Confidential Information and Contractor Confidential Information shall survive the termination of this Agreement.

6.4 Notwithstanding Section 6.1, 6.2 or 6.3 hereof, neither Customer Confidential Information nor Contractor Confidential Information shall include information which the recipient can demonstrate by competent written proof:

a) is now, or hereafter becomes, through no act or failure to act on the part of the recipient, generally known or available or otherwise part of the public domain;

b) is rightfully known by the recipient without restriction on use prior to its first receipt of such information from the disclosing party as evidenced by its records;

c) is hereafter furnished to the recipient by a third party authorized to furnish the information to the recipient, as a matter of right and without restriction on disclosure;

d) is the subject of a written permission by the disclosing party to disclose; or

e) is independently developed by recipient without reference to the disclosing party’s Confidential Information.

6.5 Notwithstanding Section 6.1, 6.2 or 6.3 hereof, disclosure of Customer Confidential Information or Contractor Confidential Information shall not be precluded if:

a) such disclosure is in response to a valid order of a court or other governmental body of the United States or any political subdivision thereof, including but not limited to the Texas Attorney General’s Office; provided, however, that the recipient of such Confidential Information shall first have given notice to the other party allowing the other party to have a reasonable time under the circumstance to obtain a protective order requiring that the information to be disclosed be used only for the purposes for which the order was issued;
b) such disclosure is necessary to establish rights or enforce obligations under this Agreement, but only to the extent that any such disclosure is necessary for such purpose; or

c) the recipient of such confidential information received the prior written consent to such disclosure from the disclosing party, but only to the extent permitted in such consent.

7. INTELLECTUAL PROPERTY RIGHTS

7.1 The Customer’s Existing Intellectual Property Rights. Contractor acknowledges that ownership of and title in and to all the Customer intellectual property that exists as of the Effective Date or that may be created by the Customer thereafter, including but not limited to patent, trademark, service mark, copyright, trade dress, logo and trade secret rights (hereinafter the “Customer IP”), will remain with the Customer. Ownership of and title in and to all the Customer IP, and all derivative works based on the Customer IP, will remain with the Customer. Contractor shall not use the Customer IP for any purpose other than as explicitly set forth in this Agreement.

7.2 Contractor’s Existing Intellectual Property. The Customer acknowledges that ownership of and title in and to all Contractor intellectual property that exists as of the Effective Date or that may be created after the Effective Date (other than intellectual property created expressly and exclusively for the Customer as a work for hire) in the course of provision of Services under any Statement of Work issued hereunder, including but not limited to patent, trademark, service mark, copyright, trade secret rights, computer software, program, database, website, source code or object code owned by or developed by the Contractor, (and any design, architecture and techniques of software developments or enhancements related thereto), documentation, and methodology and tools related to any of the foregoing (hereinafter “Contractor IP”), will remain with Contractor.

7.3 Limited License to use Contractor Intellectual Property (“IP”). To the extent any deliverable provided by Contractor to the Customer in course of provision of Services under any Statement of Work issued hereunder contain any Contractor IP, the Contractor hereby grants the Customer for the sole purpose of the Customer’s internal use of such deliverable and Services a royalty free non-exclusive right to use any Contractor IP used by the Contractor non-exclusively in connection with the provision of the Services to the Customer, the Contractor’s Work Product (as defined herein below), Utilities and Generic Enhancements thereto (as defined herein below) and methodology and tools related to any of the foregoing. The Customer may not, without the prior written permission of the Contractor and subject to such conditions as may be imposed by Contractor including without limitation any royalty payable therefore, sub-license any right to use the foregoing to any third party whatsoever. Under no circumstances whatsoever shall the Customer acquire any proprietary rights to such Contractor IP, Contractor’s Work Product or Utilities and Generic Enhancements thereto by virtue of this Agreement.

7.4 Contractor’s Work Product. All derivative works created by the Customer, or any of its permitted sub-licensees, from Contractors’ IP, Contractor’s IP documentation, other documentation created or owned by the Contractor, or Contractor’s Confidential Information (collectively referred to as the “Contractor’s Work Product”) shall be considered “works made for hire” and shall be owned solely and exclusively by the Contractor and the Contractor shall be deemed to be the author of such Contractor’s Work Product. If any Contractor’s Work Product may not be considered a “work made for hire” under applicable law, the Customer hereby absolutely and irrevocably assigns to the Contractor, without further consideration, all of
the Customer’s right, title, and interest in and to such Contractor’s Work Product, including all Intellectual Property Rights therein or thereon, and waives any moral rights therein. The Customer acknowledges that the Contractor, its successors-in-interest and assigns shall have the right to obtain and hold in their own name any Intellectual Property Rights and other proprietary rights in and to all Contractor’s Work Product. The Customer agrees to, and shall cause any permitted sub-licensees to, execute any document and take any action that may be reasonably requested by the Contractor, at the Contractor’s expense, to give effect to the intention of this Section.

7.5 Utilities / Productivity Tools / Accelerators / Generic Enhancements. The Customer acknowledges that the Contractor has developed, whether independently or in collaboration with third parties, certain computer software and techniques, including but not limited to such tools as are intended to improve the productivity of the operational software writing processes, information and documentation (herein after referred to collectively as “Utilities”), that are Contractor’s proprietary information and intellectual property, which may be used by the Contractor for the purposes of providing the Services. The Utilities and any generic enhancements made to the Utilities (“Generic Enhancements”) may be incorporated into the work product and deliverables provided to the Customer as part of the Services. Subject to the limited license granted to the Customer in terms of this Section, the Contractor retains all rights to the Utilities and the Generic Enhancements for any future use.

7.6 Residual Rights. Notwithstanding anything to the contrary above, Contractor shall be free to utilize any concepts, know how, techniques, improvements or methods which it may discover or adapt in the performance of the Services for the Customer subject to any Contractor’s obligations with respect to the care and use of the Customer Confidential Information (as defined in Section 6 above). For the avoidance of doubt, Contractor’s residual rights under this Section 7.6 include Contractor’s right to use the concepts, know how, techniques, improvements or methods which Contractor may discover or adapt in the performance of Services but such residual rights shall not include the use of any any Customer Confidential Information. Notwithstanding anything to the contrary contained in this Agreement or in any Statement of Work issued hereunder, the Contractor reserves the right to provide Services similar to the Services provided to the Customer hereunder to any third party, including without limitation any competitor of the Customer and providing work product and deliverables similar in form and function to those provided to the Customer hereunder, provided that any such Services, work product or deliverables provided to any third party do not infringe the Customer’s rights to Customer IP or the Customer’s Confidential Information.

8. INSURANCE

Contractor shall procure and maintain in effect during the term of this Agreement the following insurance coverage:

Workers’ Compensation and Employers Liability insurance with liability limits of not less than One Million Dollars ($1,000,000) per accident, One Million Dollars ($1,000,000) per employee; and One Million Dollars ($1,000,000) aggregate.

Commercial General Liability with limits of not less than One Million Dollars ($1,000,000) each occurrence; and Two Million Dollars ($2,000,000) aggregate.

Comprehensive Automobile Liability including bodily injury and property damage in the amount of not less than a combined single limit of One Million Dollars ($1,000,000).
Errors and Omissions including coverage for professional malpractice, in the amount of not less than Three Million Dollars ($3,000,000).

Prior to commencing work on the project, Contractor shall provide Customer with a certificate of insurance naming Customer as an additional insured.

9. INDEMNIFICATION

9.1 The Contractor shall indemnify, defend, and hold harmless the Customer, its agents, and employees from and against all third-party claims, actions, liabilities, losses, costs, including attorney’s fees, arising out of any actual or alleged bodily injury, sickness, disease or death, or injury to or destruction of tangible property including the loss of use resulting therefrom.

10. WARRANTIES

10.1 The warranties in this Agreement, Attachment D (Statement of Work) are the exclusive warranties of Contractor. CONTRACTOR HEREBY DISCLAIMS ALL OTHER WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY AND DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS. To be eligible for Warranty Remedies, as defined below, the Customer must provide a written request describing the issue within the warranty period specified in each Statement of Work.

10.2 The Customer’s sole and exclusive remedy with respect to a violation of the warranties described in this Agreement and any Exhibits and Attachments (“Warranty Remedy”) shall be as follows:

10.3 Warranty Remedy. Customer shall provide Contractor with written notification of the error with any available system audit log and/or screen prints to help identify the source of the error. Contractor shall assign the error an appropriate priority as defined below:

<table>
<thead>
<tr>
<th>Severity Level</th>
<th>Description of Severity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Critical (Level 1)</td>
<td>Defined as an incident that renders the production system inoperable. Users are unable to connect to or use the system to support business functions</td>
</tr>
<tr>
<td>Standard (Level 2)</td>
<td>Defined as a production system/application problem affecting majority of the users. May also be defined as a system/application that is operating but with severe restriction. Some circumvention may be required to reestablish normal service</td>
</tr>
<tr>
<td>Minor (Level 3)</td>
<td>Defined as a production system/application problem isolated to a few people, performing non-critical tasks and an alternative workaround exists. The majority of the functions for most users are still usable</td>
</tr>
</tbody>
</table>

10.4 Contractor shall take prompt action to resolve the issue which action shall include but not be limited to the following:

a) Report or help report the problem to the software vendor, if the issue relates to software component provided by the software vendor;

b) Help apply the software fix provided by the software vendor;

c) Provide a system fix or update for programs or documentation delivered by Contractor;
d) Provide a correction to the system setup, if applicable;

e) Provide a workaround for the error that allows the system to support the Customer’s business operations;

f) Provide instructions, directions and documentation for manual processing to accomplish the desired business function.

10.5 Customer shall provide access to their staff and systems/network to facilitate the Contractor in replicating, isolating and resolving the error.

10.6 If the error or deficiency is determined to be not under warranty, the Customer shall initiate a Change Order Request, pursuant to the Change Order Request provisions described in Section 3.2.1, to reimburse the Contractor for the actual costs incurred in analyzing the error or deficiency.

11. LIMITATION OF LIABILITY

Notwithstanding anything to the contrary herein, neither party shall be liable for any indirect, incidental, special or consequential damages, or for any loss or damages related to the operation, delay or failure of software or equipment or for any inaccuracy of data incurred by either party or any third party, however arising, whether in contract or tort, even if it has been advised of the possibility of such damages.

Each SOW (Statement of Work) constitutes a separate binding contract between San Antonio Water System and the Contractor. This Agreement shall be incorporated by reference in each such SOW. Contractor’s liability for damages to Customer shall be limited to the fees and expenses actually paid by the San Antonio Water System to the Contractor for services and products that directly gave rise to such liability under each SOW.

12. MISCELLANEOUS PROVISIONS

12.1 Force Majeure. Notwithstanding anything herein to the contrary, the Parties hereto shall not be deemed in default with respect to the performance of, or compliance with, the terms, covenants, agreements, conditions, or provisions of this Agreement, if the failure to perform or comply shall be due to any strike, lockout, civil commotion, invasion, rebellion, hostilities, sabotage, acts of God or causes otherwise beyond the control of the Parties.

12.2 Waiver. No waiver by either party of any breach or violation of any covenant, term, condition, or provision of this Agreement or of the provisions of any ordinance or law, shall be construed to waive any other term, covenant, condition, provisions, ordinance or law, or of any subsequent breach or violation of the same.

12.3 Governing Law and Venue. This Agreement is made pursuant to, and shall be, resolved in, governed by and construed in accordance with the laws of the State of Illinois. Jurisdiction and venue shall be exclusively found in a court of competent jurisdiction located in the County of Du Page, IL or the United States District Court for Northern District of Illinois, as appropriate. TO THE FULLEST EXTENT PERMITTED BY LAW, CONTRACTOR AND CUSTOMER WAIVE TRIAL BY JURY.

12.4 Notice. All notices, authorizations, and requests in connection with this Agreement shall be deemed given on the day they are: (i) deposited in the U.S. mails, postage prepaid, certified or registered, return receipt requested; or (ii) sent by prepaid courier service (e.g., Fedex, UPS, etc.) or (iii) sent via email, and are addressed as set forth below the signatures of this Agreement,
which designated person(s) may be amended by either party by giving written notice to the other party:

**AST:**

<table>
<thead>
<tr>
<th>Attn:</th>
<th>Contracts Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Applications Software Technology, LLC</td>
</tr>
<tr>
<td></td>
<td>1755 Park Street, Suite 100</td>
</tr>
<tr>
<td></td>
<td>Naperville, IL 60563</td>
</tr>
</tbody>
</table>

**Customer:**

<table>
<thead>
<tr>
<th>Attn:</th>
<th>Philip Compos</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>San Antonio Water System</td>
</tr>
<tr>
<td></td>
<td>2800 US Hwy 281 North</td>
</tr>
<tr>
<td></td>
<td>San Antonio, TX 78212</td>
</tr>
</tbody>
</table>

12.6 **Modifications.** No modification, waiver or amendment of any term or condition of this Agreement shall be effective unless and until it shall be in writing and executed by both of the Parties hereto or their legal representatives.

12.7 **Severability.** In the event that any provision, clause, term, or condition hereof shall be held to be illegal or void, such determination shall not affect the validity or legality of the remaining terms and conditions, and notwithstanding any such determination, this Agreement shall continue in full force and effect unless the particular clause, term, or condition held to be illegal or void renders the balance of the agreement impossible to perform.

12.8 **Survival.** Following the termination of this Agreement, the Parties shall remain obligated under all provisions of this Agreement which by their terms continue after the termination of this Agreement or are incidental to the performance of the obligations under such provisions, including, without limitation, Section 6, Confidential Information.

12.9 **Entirety.** This Agreement, together with the Statements of Work and other attachments hereto, contains the entire agreement between the Parties and supersedes any prior or inconsistent agreements, negotiations, representations and promises, written or oral between the Parties respecting the subject matter hereof. It may not be modified except by a writing signed by the Parties.

12.10 Attachments.

Attachment A: SAWS Additional Terms and Conditions
Attachment B: Oracle Public Sector Cloud Services Agreement Terms
Attachment C: Software Ordering Document
Attachment D: Statement of Work

*[End of page – Signature page to follow]*
**IN WITNESS WHEREOF**, the Parties hereto have executed this Master Agreement as of the date set forth above, and represent that each signatory has authority to execute the Agreement on behalf of Customer and the Contractor, respectively.

<table>
<thead>
<tr>
<th>Applications Software Technology, LLC</th>
<th>Customer:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Signature</strong></td>
<td><strong>Signature</strong></td>
</tr>
<tr>
<td><strong>Name</strong></td>
<td><strong>Name</strong></td>
</tr>
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<td><strong>Title</strong></td>
<td><strong>Title</strong></td>
</tr>
<tr>
<td><strong>Date</strong></td>
<td><strong>Date</strong></td>
</tr>
</tbody>
</table>
ATTACHMENT “A”
SAWS ADDITIONAL TERMS AND CONDITIONS

The following Terms and Conditions are required by SAWS for Contractor providing the Services set forth in each SOW:

1. **Work Papers.** All final work product and work papers directly relating thereto delivered to SAWS by the Contractor in connection with the performance of Services pursuant to this Agreement, including public records obtained by the Contractor, shall be the property of the SAWS whether or not in the possession of the Contractor, for use and re-use by the SAWS, its agents, employees, contractors and vendors, as needed from time-to-time.

2. **Nondisclosure.** The SAWS has a proprietary interest in the Agreement and in the Services provided by Contractor. Accordingly, the Agreement, the Services, and any information obtained by Contractor through SAWS in connection with the performance of the Services shall not be disclosed by Contractor to any third party other than Contractor’s subcontractor(s) or agent(s) directly providing Services under the SOW. In the event Contractor is subject to the Texas Public Information Act, upon receipt of a request for any information obtained by Contractor in the performance of this Agreement, Contractor shall provide written notice to SAWS of the request along with a copy of the request, and give SAWS the opportunity to respond to the request prior to its release by Contractor. In no event shall Contractor or any of its subcontractors provide or participate in any public presentations or prepare or present any papers for public dissemination concerning the Project, or with information obtained in connection with the Project, without receiving the prior written approval from the SAWS, which approval may be withheld in the sole and absolute discretion of the SAWS.

3. **Compliance with Law.** In performing this Agreement, the Contractor agrees to comply with applicable laws and regulations, and to secure, pay for and comply with all permits, governmental fees, licenses, inspections, bonds, security or deposits necessary for proper execution and completion of the services. Contractor agrees to not make or permit to be made any improper payments, or to perform any unlawful acts.

4. **Insurance.** Contractor shall maintain and keep in force for the duration of this Agreement such insurance as set forth in Section 8 of the Agreement herein. Approval of insurance by SAWS shall not relieve or decrease the liability of the Contractor hereunder and shall not be construed to be a limitation of liability on the part of the Vendor. Contractor shall be responsible for all premiums, deductibles and self-insured retentions, if any, stated in the policies. All deductibles or self-insured retentions shall be disclosed on the Certificate of Insurance. All endorsements naming the SAWS and the City of San Antonio (the "City") as additional insureds, waivers, and notices of cancellation endorsements as well as the Certificates of Insurance shall indicate: San Antonio SAWS, Contract Administration Division, 2800 US Hwy 281 North, San Antonio, Texas 78212.

5. **Right To Audit.** Contractor agrees to maintain appropriate accounting records of costs, expenses, and payrolls of its employees and agents working on the Project for a period of three years after final payment for completed work has been made and all other pending matters concerning the Agreement have been closed. Contractor agrees that the SAWS, or its authorized representative, shall upon prior written notice, have access during normal business hours to any and all books, documents, papers, and records of the Contractor which directly pertinent to the Services to be performed under this Agreement for the purposes of making audits and examinations.
The Contractor further agrees to make the above requirement apply to any and all subcontractor agreements in which the Contractor has a contractual relationship for the Services to be performed under the Agreement. All subcontractors shall agree that SAWS or its authorized representatives shall have access during normal business hours to any and all books, documents, papers, and records of the subcontractor which are directly pertinent to the services to be performed under the Agreement for the purposes of making audits and examinations.

6. **Equal Employment Opportunity/Minority Business Enterprise.** The Contractor agrees not to engage in employment practices which have the effect of discriminating against any employee or applicant for employment; and, will take affirmative steps to ensure that applicants are employed and employees are treated during employment without regard to their race, color, religion, national origin, sex, age, handicap, or political belief or affiliation. Specifically, the Contractor agrees to abide by all applicable provisions of the Nondiscrimination Clause and the Small and Minority Business Advocacy Clause as contained in the City of San Antonio’s current Affirmative Action Plan on file in the City Clerk’s Office. In the event non-compliance occurs, the Vendor, upon written notification by the SAWS, will commence compliance procedures within thirty (30) days.

7. **Subcontractors.** The Contractor acknowledges that it is the policy of the SAWS to assist in increasing the competitiveness and qualifications of Small, Minority, Woman and Veteran-owned Businesses (“SMWVB”) to afford greater opportunity for such groups to obtain and participate in SAWS contracts. Contractor shall take all reasonable steps to be in compliance with and maintain compliance with at least the minimum percentage participations for SMWVB set out in Vendor’s proposal to the SAWS. Contractor shall be required to electronically report the actual payments to all subcontractors, whether SMWVB or non-SMWVB, utilizing the Subcontractor Payment and Utilization Reporting (S.P.U.R.) System, beginning with the first SAWS payment for Services under the Agreement, and with every payment thereafter (for the duration of the Agreement). After Contractor receives payment from SAWS, electronic submittals will require data entry of the amount paid to each subcontractor, whether SMWVB or non-SMWVB, listed on the Contractor’s Good Faith Effort Plan. Data entry is required even if the actual payment amount is zero dollars and zero cents ($0.00). This information will be utilized for subcontractor utilization tracking purposes. Any unjustified failure to comply with the committed SWMB levels may be considered breach of contract.

Electronic submittal of subcontractor payment information will be accessed through a link on SAWS’s “Business Center” web page. Contractor and all subcontractors will be provided a unique log-in credential and password to access the SAWS subcontractor payment reporting system. The link may also be accessed through the following internet address: https://saws.SMWBe.com.

Respondents and/or their agents may contact the SMWVB Program Manager at 210-233-3420 for assistance or clarification with issues specifically related to the Small, Minority, Woman, and Veteran-owned Business (SMWVB) Program, and S.P.U.R. System reporting.

By entering into this Agreement, SAWS approves the use of subcontractors and sub-consultants identified.

8. **Indemnification.** Contractor covenants and agrees to FULLY INDEMNIFY, DEFEND and HOLD HARMLESS, SAWS and the board members, employees, officers, directors, volunteers and representatives of SAWS, individually and collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon SAWS directly or indirectly.
arising out of, resulting from or related to Contractor’s activities under this Agreement, including any acts or omissions of Contractor, any agent, officer, director, representative, employee, Contractor or subcontractor of Contractor, and their respective officers, agents employees, directors and representatives while in the exercise of the rights or performance of the duties under this contract. The indemnity provided for in this paragraph shall not apply to any liability resulting from the negligence of SAWS, its officers or employees. IN THE EVENT CONTRACTOR AND SAWS ARE FOUND JOINTLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS FOR THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE SAWS UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW.

The provisions of this INDEMNITY are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. Contractor shall advise SAWS in writing within 24 hours of any claim or demand against SAWS or Contractor known to Contractor related to or arising out of Vendor’s activities under this contract, and shall see to the investigation and defense of such claim or demand at Vendor’s cost. SAWS shall have the right, at its option and at its own expense, to participate in such defense without relieving Contractor of any of its obligations under this paragraph.

9. Termination for Cause. SAWS may terminate this Agreement at any time for "Cause" in accordance with the procedures provided below. Termination by SAWS of this Agreement for "Cause" shall mean termination upon (i) the neglect, breach or inattention by Contractor of its duties hereunder, and such neglect, breach or inattention has not been cured within five (5) business days (or longer at SAWS sole discretion) after written notice thereof given by SAWS to Vendor, If it is not possible to cure the default within this time period, the Contractor will provide to Customer within fifteen (15) business days after receipt of notice a written plan, including a timeline, to correct, cure, and/or remedy the Cause. The Contractor shall proceed to cure the default in accordance with the approved plan. (ii) the engaging by Contractor in willful or fraudulent conduct that is injurious to SAWS, monetarily or otherwise, (iii) the failure by Contractor to otherwise perform its duties hereunder and such failure has not been cured within fifteen (15) days after written notice thereof given by SAWS to Vendor. Notice shall be deemed given as provided or outlined or designated in the final Agreement. Upon such termination for cause, the Contractor shall not be entitled to any further compensation under this Agreement, except for the compensation which has been earned for Services rendered by Contractor in accordance with this Agreement through the date of notice of such termination. In the event termination for cause is not proper under this Section, the termination shall be deemed to constitute a termination for convenience as set forth below.

10. Other Termination. The SAWS may terminate this Agreement at any time for any reason upon thirty (30) days written notice to the Vendor. Upon termination of this Agreement, the Contractor will be entitled only to the compensation and expenses that have been earned for services rendered in accordance with this Agreement through the date of such termination. No termination of this Agreement shall impair or defeat those obligations set forth elsewhere in this Agreement that require either party to do or refrain from doing any specified act or acts after termination of this Agreement, or to perform any obligation which by its terms or normal meaning survives termination of this Agreement.

11. Interest in SAWS Agreements Prohibited. No officer or employee of the City shall have a financial interest, direct or indirect, in any Agreement with the SAWS, or shall be financially
interested, directly or indirectly, in the sale to the SAWS of any land, materials, supplies or service, except on behalf of the City or SAWS as an officer or employee. Any violation of this Section, with the knowledge, expressed or implied, of Contractor contracting with SAWS shall render this Agreement voidable by the Board of Trustees or the President/Chief Executive Officer of the SAWS.

To report suspected ethics violations impacting the San Antonio SAWS, please call 1-800- 687-1918.

12. Gift Policy. SAWS employees are prohibited from soliciting, accepting or agreeing to accept any gifts from outside sources. A copy of SAWS's Policy 2-17 "Procedures for Gift and Meal Policy" is available upon request.

13. Tax Matters. Contractor shall be solely responsible for payment of all taxes related to Vendor's provision of the services. A tax-exempt certificate is available upon request for the purchase of materials and goods only with regards to the contracted services of this Agreement.

14. Governing Law; Jurisdiction. This Agreement has been entered in, and shall be governed by and construed in accordance with the laws of the State of Texas, without regard to principles of conflict or choice of law. This Agreement is performable in Bexar County and sole venue shall be in the courts of Bexar County, Texas.

To the extent there is any ambiguity, discrepancy or difference between any of these terms and conditions contained in this Attachment “A” and the terms and conditions contained in the Master Agreement, the terms and conditions contained in Attachment “A” shall supersede and control over the Master Agreement.
Statement of Work
Budget Development System Implementation

San Antonio Water System
1. **Executive Summary**

This Statement of Work (SOW) is intended to document the scope, roles, responsibilities, tasks and timeframe for the implementation of Oracle Planning and Budgeting application at the San Antonio Water System (SAWS) by Applications Software Technology LLC (AST).

The Statement of Work (SOW) will be the governing project document, outlining project milestones as mutually agreed to by both parties.

1.1 **Software Scope**

The project scope constitutes the implementation of the following modules of Oracle Cloud EPM:

- Oracle Planning and Budgeting Cloud Service (PBCS)
- Oracle Enterprise Performance Reporting Cloud Service (EPRCS)

1.2 **Project Timeline**

The following is the high-level project timeline.

*Figure 1: Project Timeline*

AST will work with SAWS in deriving a final schedule and project plan, but the following key project dates have been utilized as the basis for this statement of work.

The key project dates under this phase are:

- Project Start: January 16, 2018
- Released: May 14, 2018
- Post Production Support End: May 31, 2018
2. **Scope of Services**

The overall implementation scope of services includes:

- **Project Management Support:** Provide support for establishing the necessary governance, tools, and resources to create a Project Management structure in collaboration with SAWS project management staff. The primary responsibility for operational project management would lie with SAWS’s designated project manager.

- **Requirements Finalization:** Review business processes and documentation in order to finalize the functional requirements list to assist with system configuration.

- **System Configuration, Development:** This would involve the configuration of the system based on the requirements and development of the reports and other design components scoped. Included in this will be a conference room pilot (CRP) design session.

- **Testing and Final Preparation:** Includes creation of test strategy, plan and scripts, test execution, and preparation for production cut-over activities. 1-2 weeks of System Integration Testing (SIT) followed by two (2) weeks of User Acceptance Testing (UAT) anticipated.

- **Training Services:** Involves the development of training materials using MS Word to incorporate SAWS’s specific system process flows. Training will be conducted based on a Train-The-Trainer approach. End user training is to be conducted by SAWS.

- **Production Go-Live and Support:** Includes execution of the production migration plan to transition from the pre-production environment to the live production environment.

- **Post Production Support:** Includes Production stabilization and rollout support after go-live for a specified time period.

2.1 *Business functions*

AST’s Opex Planning solution will be utilized as the solution to deliver a configured Oracle Planning & Budgeting Cloud Service solution in order for SAWS to begin, facilitate, and complete the Planning and Budgeting process.

The scope shall include:

- Configuration of PBCS and Opex to align with SAWS’s Financials Chart of Account segments for the line-item budget

- Configuration of Opex operating (line-item), position-budgeting (salaries & expense) and capital budgeting modules, including:
  
  o Scenarios and Versions
    
    ◦ “Scenarios” represent categories of data such as actuals, budget, estimate, forecast, etc.
    ◦ “Versions” are snapshots of data at a point-in-time (i.e. stages) or alternate views (i.e. “what-if”).
    ◦ Up to six (6) scenarios to be configured.
    ◦ Up to ten (10) versions to be configured.

  o Task Lists
    
    ◦ “Task lists” and role-based, grouping of tasks used to facilitate the steps for
administrators and users to prepare the budget. For example, these may be broken down for operating/non-operating and administrator/end-user needs.

- Up to six (6) tasks lists will be setup for:
  - Administrative
  - Power Users
  - End User

  o Budget Data (Input) Forms

    o “Forms” are data input and view screens to capture budget inputs.
    o Forms are designed following best practices and configured in the manner conducive for SAWS. These may include differing “point of views” (POVs), columns (i.e. used for comparison) or accounts (i.e. operating expenses, etc.) and take advantage of data security and variables to limit redundant forms.
    o Opex data forms exist for:
      - Expenses
      - Revenue
      - Position/FTE Details
      - Capital Requests
      - New Initiative Request Feature
    o Up to ten (10) additional forms to be configured/built.

  o Calculations and Business Rules

    o Calculations and “Business Rules” include validations, allocations and movement of data to help automate the Planning application.
    o Opex business rules exist for:
      - Position/FTE Calculations
      - Allocation of position expenses into line-item budget
      - Operating projections
      - Capital budgeting
    o Up to ten (10) additional Calculations/Business Rules to be configured/built.

  o Application Variables

    o User and Substitution variables promote maintenance efficiencies in the Planning application by generalizing the above components (forms, business rules, etc.).
    o These will be setup to support above components, following best practices.

  o Workflow

    o Workflows and approvals will be configured for each planning unit (grouping of entities that budget together).
      - Configure available application security for users, groups and roles.
      - Configure two (2) PBCS environments (1 non-production environment and 1 production environment).
      - Enablement of audit Control features for tracking budget changes.
      - Enablement of Smart View, a Microsoft Office plugin.
2.2 Integration / Interfaces

Integration of Lawson (V10.0.6) Financials with Oracle PBCS will be performed through importing and exporting of delimited flat files, with automation enabled by the Oracle EPM Automate Utility.

The scope shall include:

- Integration with Lawson (V10.0.6) Financials General Ledger for consuming (inbound into PBCS) actuals and budget using EPM Automate Utility. SAWS shall provide all required data in predetermined file for loading into PBCS.
- Load up to five (5) years of historical Actual and adopted budget Balances using flat file in predetermined format. The data load will be determined by SAWS’s ability to provide data in the required format as per the project schedule.

2.3 Reports Development

The scope of work includes an initial set of ten (10) reports via Financial Reporting (FR), Smart View (Excel plug-in which allows access to Planning via MS Excel). Additionally, AST will configure Enterprise Performance Reporting Cloud (EPRCS) to facilitate document authoring and presentation including:

- Establish documentation library for deployed HFR and Smart View reports (above)
- Configure one (1) report package to establish the structure for a budget book or alternate narrative report
- Configure select “Doclets” for capturing narrative data.
- Configure security to review and approval of report package components.

2.4 Customizations

SAWS’s objective is to implement the Oracle Planning and Budgeting solution without customizations. Therefore, no custom work is scoped. This may require changes in certain business processes and operating procedures. Therefore, no customizations have been included in scope.

2.5 Documentation

As a part of implementation process AST will prepare and deliver following documents:

- Project Charter
- Project Plan
- Gap/Fit Analysis Document
- Configuration Document
- Test Results
- Training Materials
- Periodic Project Status Reports
## 2.6 Training Services

The training scope of work includes formal classroom training for 10-15 power users with the required subject matter expertise identified by SAWS, “Train-the-Trainer” training sessions, and knowledge transfer for all key functions performed as identified in the project charter.

- AST will be responsible for creating training material using MS Word for up to 20 topics.
- A technical document for budget Administrators and a functional document for Budget Users, each up 40 pages, will be provided to complement Oracle’s provided training materials and videos.
- AST will provide Train-The-Trainer Training for SAWS SME’s and Trainers who will in turn be responsible for end-user and external training. The Train-The-Trainer Training will consist of conducting one (1) class of the scoped training content.

For all classroom-based training courses, the training material will be produced in MS Word or PowerPoint format. SAWS staff will review the documents created, add SAWS-specific procedures and approve the training material prior to end user training. Training delivery will occur via instructor-led (including lecture) presentation material.

The table on the following page sets out the responsibilities for the provision of training to users of the new system:

<table>
<thead>
<tr>
<th>Training Task</th>
<th>Responsibility</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create Initial Training Material</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>QA Training Material</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Add SAWS-specific procedure and instructions</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Review/Approve Training Material</td>
<td>✓</td>
<td>According to pre-defined criteria</td>
</tr>
<tr>
<td>Deliver Train-The-Trainer Training</td>
<td>✓</td>
<td>Deliver the First Set of Training classes</td>
</tr>
<tr>
<td>Plan &amp; Deliver End User Training</td>
<td>✓</td>
<td>Deliver remaining End User Training</td>
</tr>
<tr>
<td>Schedule Training</td>
<td>✓</td>
<td>Students, Rooms, Sessions</td>
</tr>
<tr>
<td>Prepare Training Site</td>
<td>✓</td>
<td>Computers, facility</td>
</tr>
<tr>
<td>Assist during Training Delivery</td>
<td>✓</td>
<td>AST to act as proctor in one session</td>
</tr>
</tbody>
</table>

Training will be performed at SAWS site(s), and will use SAWS equipment. The training location should include training aids such as a projector, whiteboard and workstations.

### 2.6.1 Planned Training Courses

The following table describes the list of training classes to be provided by AST. The Training plan and courseware will be modified after the configuration phase to reflect SAWS’s specific business processes flows and system configuration adopted.
<table>
<thead>
<tr>
<th>Class Title &amp; Courseware Components</th>
<th>Est. Duration</th>
<th>Suggested Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Course 1: Working with Oracle PBCS</strong></td>
<td>~4 Hours</td>
<td>PBCS Administrators, Technical Leads, Developer</td>
</tr>
<tr>
<td>- Oracle PBCS Overview</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Oracle Cloud Service Administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Oracle Web Studio Administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- User Management and Administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- EPM Automate Utility</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Course 2: Budget Administration</strong></td>
<td>6-8 Hours</td>
<td>Budget Core Users, Functional Leads, Business Users</td>
</tr>
<tr>
<td>This course will include the following topics:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Oracle PBCS Overview</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Dimensions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Loading Metadata</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Business Rules</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Working with Data forms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Security and menus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Integration with MS office</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Managing Planning Approval Process</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Course 3: Line item Budget (Revenue &amp; Expense)</strong></td>
<td>4-8 Hours</td>
<td>Budget Core Users</td>
</tr>
<tr>
<td>This course will include the following topics:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Overview</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Defining Drivers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Revenue Budget Estimate &amp; Data Entry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Expense Budget Estimate &amp; Data Entry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Budget Revisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Using smart View for entering data.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Review Reports and dashboards</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Course 4: Opex Planning</strong></td>
<td>4-8 Hours</td>
<td>Budget Core Users</td>
</tr>
<tr>
<td>This course will include the following topics:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Overview</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Position Budgeting functionality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Capital Budgeting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Decision Package feature</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Review Reports and dashboards</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Course 5: Financial Reporting</strong></td>
<td>2-4 Hours</td>
<td>Budget Core Users, Technical Leads, Developers</td>
</tr>
<tr>
<td>This course will include the following topics:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Overview</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Managing Data sources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Financial Reporting Web Studio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Running reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- MS Office Integration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Navigating Reports in Workspace</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Course 6: Enterprise Performance Reporting Cloud Service</strong></td>
<td>2-4 Hours</td>
<td>Budget Core Users</td>
</tr>
<tr>
<td>- Overview</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Define Report package and Doclet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Authoring Documents in Smart View</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Review and update Documents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Approve Doclets in Smart View</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Publish Documents</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2.7 Post Production Support

AST will provide three (3) consecutive weeks of post-production support immediately after the “Go-Live” of the Oracle PBCS application. Support may be provided remotely. The “Go-live” date is defined as on when system is available for SAWS to use and/or SAWS users start using application whichever comes first.

At the end of the support period, all open issues/service requests (SRs) logged with the Oracle, will be reviewed and transitioned to SAWS’s support personnel.

2.8 Warranty Period

AST’s Professional Services Warranty will end upon sixty (60) days after Go-Live Date of the system.

2.9 Project Change Order Process

The scope of this implementation project is considered to be fixed. It is the intention of SAWS management to not modify the scope of this project, as defined in the scope section of this document.

The procedure for the Project Change Order Process is outlined in Appendix 1 of this document for additional SAWS requirements.
3. **Project Roles & Responsibilities**

3.1 **AST and SAWS Responsibilities**

The table below identifies the lead responsibility for all the important tasks on the project. The assignment of roles and responsibilities has been made in order to achieve a continuous and effective transfer of knowledge to facilitate the long-term support of the system by SAWS staff.

*Table 3: Description of Responsibility Levels*

<table>
<thead>
<tr>
<th>Lead</th>
<th>Ownership or Co-ownership of the task and performing majority of the work.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assist</td>
<td>Help the task owners by actively creating part of the deliverable or performing part of the activity.</td>
</tr>
</tbody>
</table>

3.1.1 **Responsibility Matrix**

The following is the responsibility matrix. AST project manager may shift responsibilities as necessary for the project.

*Table 4: AST Project Team Roles and Responsibilities*

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibility</th>
<th>Role Type</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Executive</strong></td>
<td>Project Oversight</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Management Escalation</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Consulting Resource Allocation</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Solution Design</td>
<td>Assist</td>
</tr>
<tr>
<td></td>
<td>Budget Control</td>
<td>Lead</td>
</tr>
<tr>
<td><strong>Project Lead</strong></td>
<td>Project Planning</td>
<td>Assist</td>
</tr>
<tr>
<td></td>
<td>Scope Control</td>
<td>Assist</td>
</tr>
<tr>
<td></td>
<td>Quality Assurance</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Consulting Resource Management</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Issues Resolution</td>
<td>Assist</td>
</tr>
<tr>
<td></td>
<td>Gap Analysis</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Solution Mapping and Configuration</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Conference Room Pilot</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Testing Strategy</td>
<td>Assist</td>
</tr>
<tr>
<td><strong>Solution Architect</strong></td>
<td>Gap Analysis</td>
<td>Assist</td>
</tr>
<tr>
<td></td>
<td>Solution Architecture</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Solution Mapping and Configuration</td>
<td>Assist</td>
</tr>
<tr>
<td></td>
<td>Quality Assurance</td>
<td>Assist</td>
</tr>
<tr>
<td>Role</td>
<td>Responsibility</td>
<td>Role Type</td>
</tr>
<tr>
<td>---------------------</td>
<td>-----------------------------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Technical Lead</td>
<td>Conference Room Pilot</td>
<td>Assist</td>
</tr>
<tr>
<td></td>
<td>Gap Analysis</td>
<td>Assist</td>
</tr>
<tr>
<td></td>
<td>Integration Configuration</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Development</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Unit Testing</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>System Testing</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Integration with External System</td>
<td>Assist</td>
</tr>
<tr>
<td></td>
<td>Data Conversion Testing</td>
<td>Assist</td>
</tr>
<tr>
<td></td>
<td>Acceptance Testing</td>
<td>Assist</td>
</tr>
<tr>
<td></td>
<td>Production Migration</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Knowledge Sharing</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Training Material</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Training Coordination and Feedback</td>
<td>Lead</td>
</tr>
<tr>
<td>Technical/Reporting Analysts</td>
<td>Solution Mapping and Configuration</td>
<td>Assist</td>
</tr>
<tr>
<td></td>
<td>Integration Configuration</td>
<td>Assist</td>
</tr>
<tr>
<td></td>
<td>Report Design &amp; Development</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Unit Testing</td>
<td>Assist</td>
</tr>
<tr>
<td></td>
<td>System Testing</td>
<td>Assist</td>
</tr>
<tr>
<td></td>
<td>Acceptance Testing</td>
<td>Assist</td>
</tr>
<tr>
<td></td>
<td>Knowledge Sharing</td>
<td>Assist</td>
</tr>
<tr>
<td></td>
<td>Training Material</td>
<td>Assist</td>
</tr>
<tr>
<td></td>
<td>Training Coordination and Feedback</td>
<td>Lead</td>
</tr>
<tr>
<td>Change Management Lead</td>
<td>Change Management Strategy</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Change Management Planning</td>
<td>Lead</td>
</tr>
</tbody>
</table>

**Table 5: SAWS Project Team Roles and Responsibilities**

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibility</th>
<th>Role Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Manager</td>
<td>Project Planning</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Project Management</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Issues Resolution</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>SAWS Resource Allocation</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Scope Control</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Project Communication</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Training Plan</td>
<td>Lead</td>
</tr>
<tr>
<td></td>
<td>Knowledge Sharing</td>
<td>Assist</td>
</tr>
<tr>
<td></td>
<td>Deliverable Acceptance</td>
<td>Lead</td>
</tr>
<tr>
<td>Role</td>
<td>Responsibilities</td>
<td></td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Business Analyst</strong></td>
<td>Solution Mapping Assist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Conference Room Pilot Assist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Acceptance Testing Assist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training Plan Assist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training Material Assist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training Delivery Assist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Knowledge Sharing Assist</td>
<td></td>
</tr>
<tr>
<td><strong>Finance Subject Matter Experts (SME)</strong></td>
<td>Solution Mapping Assist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Source System Configuration Lead</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Testing Integration with external system Lead</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Data Conversion Testing Lead</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Acceptance Testing Lead</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training Material Assist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training Delivery Assist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Knowledge Sharing Assist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Deliverable Acceptance Assist</td>
<td></td>
</tr>
<tr>
<td><strong>Technical (Developer) Resource</strong></td>
<td>Solution Mapping Assist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Source System Data Files/Extracts for integration Lead</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Data extract for data conversion Lead</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Report Design &amp; Development Assist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training Material Development Assist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training Delivery Assist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Knowledge Sharing Assist</td>
<td></td>
</tr>
<tr>
<td><strong>Change Management Lead</strong></td>
<td>Change Management Strategy Assist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Change Management Planning Assist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Change Management Execution Lead</td>
<td></td>
</tr>
<tr>
<td><strong>Help Desk</strong></td>
<td>Help Desk Support Lead</td>
<td></td>
</tr>
<tr>
<td><strong>System Administrator</strong></td>
<td>Application Administration Lead</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Knowledge Sharing Assist</td>
<td></td>
</tr>
</tbody>
</table>
4. **Deliverables**

4.1 **Project Deliverables**

The following table lists key project deliverables. A detailed work plan will be created in the Define Phase of the project, which may include additional milestones.

*Table 6: List of Deliverables*

<table>
<thead>
<tr>
<th>Phase</th>
<th>DEL#</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Define</td>
<td>D-01</td>
<td>Project Mobilization</td>
</tr>
<tr>
<td></td>
<td>D-02</td>
<td>Requirements Gap/Fit Analysis</td>
</tr>
<tr>
<td>Configure / Build</td>
<td>D-03</td>
<td>Conference Room Pilot</td>
</tr>
<tr>
<td></td>
<td>D-04</td>
<td>Build/Configuration</td>
</tr>
<tr>
<td>Test</td>
<td>D-05</td>
<td>System Integration Testing</td>
</tr>
<tr>
<td></td>
<td>D-06</td>
<td>User Acceptance Testing</td>
</tr>
<tr>
<td>Deploy / Train</td>
<td>D-07</td>
<td>Training</td>
</tr>
<tr>
<td></td>
<td>D-08</td>
<td>Go-Live</td>
</tr>
<tr>
<td>Support</td>
<td>D-09</td>
<td>Post Implementation Support</td>
</tr>
</tbody>
</table>

These deliverables may be amended/combined/split by written mutual consent between AST and SAWS project manager(s).

4.2 **Deliverable Acceptance Process**

The Deliverable acceptance process is outlined in Appendix 2 of this document.
4.3 Deliverable Definitions

The table that follows provides the expected content and completion criteria of the deliverables required for SAWS’s Oracle Planning & Budgeting implementation project. All deliverables will be provided in electronic format. When requested, hard copies will be provided. Approvals shall follow Appendix 2.
<table>
<thead>
<tr>
<th>Del#</th>
<th>Deliverable</th>
<th>Objective</th>
<th>Description of scope</th>
<th>Format</th>
<th>Completion Criteria</th>
</tr>
</thead>
</table>
| D-01 | Project Mobilization | Initiate the Project Phase | Assemble Project Team and provide Orientation to the Consulting Team. Also, conduct Project Kick-off meeting and provide an overview of  
• Project Scope  
• Project Schedule  
• Approach | Live Event | Event Complete             |
<table>
<thead>
<tr>
<th>Del#</th>
<th>Deliverable</th>
<th>Objective</th>
<th>Description of scope</th>
<th>Format</th>
<th>Completion Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>D-02</td>
<td>Requirements Gap/Fit Analysis</td>
<td>Identify Product Gaps and Recommend Solutions</td>
<td>Review budgeting processes and software functionality with SAWS’s team.</td>
<td>MS Office</td>
<td>SAWS approval of Gap Fit Analysis Document. Acceptance indicates that Gaps and potential solutions have been identified. The Design, Development &amp; Unit test scripts for approved gaps are not part of this deliverable, but will be tracked separately.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Review known requirements and identify gaps in standard functionality. Identify recommended solutions to each requirement gap.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Conference Room Pilot</td>
<td>Demonstrate standard functionality to gain consensus on software fit and potential functionality gaps.</td>
<td>Perform SAWS-specific base/shell configuration of the Oracle Planning and Budgeting with Opex to:</td>
<td>Live event</td>
<td>Event held and SAWS input documented.</td>
</tr>
<tr>
<td>D-03</td>
<td></td>
<td></td>
<td>• Demonstrate Oracle’s and Opex’s standard features with reference to the requirements.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Demonstrate standard features that may not have been captured as requirements but may be of interest to SAWS based on Industry standards</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The Conference Room Pilot is a shell configuration to validate design; not all functionality would be enabled/working.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Del#</td>
<td>Deliverable</td>
<td>Objective</td>
<td>Description of scope</td>
<td>Format</td>
<td>Completion Criteria</td>
</tr>
<tr>
<td>------</td>
<td>--------------------------------------</td>
<td>---------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>D-04</td>
<td>Build/Configuration</td>
<td>Establish and document preliminary software configurations.</td>
<td>Configure the Oracle software as per SAWS’s needs. Build other components that are in scope. Deliverable includes the details of the preliminary configurations using AST documentation templates.</td>
<td>MS Office (Word/Excel) Document</td>
<td>SAWS approval of the Configuration Document. This is a preliminary document and will be maintained throughout the testing cycle(s)</td>
</tr>
<tr>
<td>D-05</td>
<td>System Integration Testing</td>
<td>Plan and execute System Testing</td>
<td>Test scripts will be executed manually and no automated tools are proposed. The deliverable includes: • Perform System Integration Testing according to Plan using Test scripts • Compare results against expected results and document pass/fail and findings</td>
<td>Online Testing</td>
<td>Testing completed, Test Results documented and remedial actions documented as per the testing plan guidelines, for retesting in the next testing cycle.</td>
</tr>
<tr>
<td>D-06</td>
<td>User Acceptance Testing</td>
<td>Plan and execute User Acceptance Testing</td>
<td>Test scripts will be executed manually and no automated tools are proposed. The deliverable includes: • Perform User Acceptance Testing according to Plan using Test scripts • Test Customizations • Compare results against expected results and document pass/fail and findings</td>
<td>Online Testing</td>
<td>Testing completed, User Acceptance Test Results documented and remedial actions documented as per the testing plan guidelines. All critical issues are resolved or a satisfactory plan (to SAWS) of action is available.</td>
</tr>
<tr>
<td>D-07</td>
<td>Training</td>
<td>Prepare training materials and conduct Train-the-Trainer Training</td>
<td>The deliverable includes: • Training materials • Conduct “Train-The-Trainer” training for SAWS Trainers</td>
<td>Microsoft Word Document, Train-the-Trainer Training Class</td>
<td>Train-the-Trainer training classes completed</td>
</tr>
<tr>
<td>D-08</td>
<td>Go-Live</td>
<td>Production Go-Live</td>
<td>The deliverable includes: • Production Configuration Complete • Production Validation Complete • Production System made available to users</td>
<td>Event/Online</td>
<td>Go Live is defined as the date when system is available for use for one or more SAWS users or the date SAWS starts using whole or part of the application, whichever occurs earlier.</td>
</tr>
<tr>
<td>Del#</td>
<td>Deliverable</td>
<td>Objective</td>
<td>Description of scope</td>
<td>Format</td>
<td>Completion Criteria</td>
</tr>
<tr>
<td>------</td>
<td>--------------------------</td>
<td>---------------------------</td>
<td>-----------------------------</td>
<td>----------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>D-09</td>
<td>Post Implementation Support</td>
<td>Completion of phase support</td>
<td>Support services provided</td>
<td>Live Event</td>
<td>Production support period is complete.</td>
</tr>
</tbody>
</table>
5. **Project Costs & Payment Schedule**

AST will provide the services and deliverables as outlined in this document for a **fixed fee** of One Hundred Ninety-Nine Thousand Dollars (**$359,000**). The fee is inclusive of all the Services, Deliverables, and planned travel expenses.

### 5.1 Payment Schedule

The following table lists the deliverable payment schedule for this project:

*Table 8: Milestone Based Payment Schedule.*

<table>
<thead>
<tr>
<th>Del#</th>
<th>Deliverable</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>D-01</td>
<td>Project Mobilization</td>
<td>$35,900</td>
</tr>
<tr>
<td>D-02</td>
<td>Requirements Gap/Fit Analysis</td>
<td>$46,700</td>
</tr>
<tr>
<td>D-03</td>
<td>Conference Room Pilot</td>
<td>$53,900</td>
</tr>
<tr>
<td>D-04</td>
<td>Build/Configuration</td>
<td>$50,300</td>
</tr>
<tr>
<td>D-05</td>
<td>System Integration Testing</td>
<td>$35,900</td>
</tr>
<tr>
<td>D-06</td>
<td>User Acceptance Testing</td>
<td>$43,100</td>
</tr>
<tr>
<td>D-07</td>
<td>Training</td>
<td>$35,900</td>
</tr>
<tr>
<td>D-08</td>
<td>Go-Live</td>
<td>$39,500</td>
</tr>
<tr>
<td>D-09</td>
<td>Post Implementation Support</td>
<td>$17,800</td>
</tr>
<tr>
<td></td>
<td><strong>Total Amount</strong></td>
<td><strong>$359,000</strong></td>
</tr>
</tbody>
</table>

AST shall invoice upon completion of the milestone as per section 4.2.

### 5.2 Additional Work

The following labor bill rates will be used for any additional work during project implementation:

*Table 9: Rate Card for additional Work*  

<table>
<thead>
<tr>
<th>Role</th>
<th>Billing Rate (Per Hour)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Executive</td>
<td>$180</td>
</tr>
<tr>
<td>Project Manager</td>
<td>$175</td>
</tr>
<tr>
<td>Solution Architect</td>
<td>$175</td>
</tr>
<tr>
<td>Project/Functional Lead</td>
<td>$170</td>
</tr>
<tr>
<td>Technical Lead</td>
<td>$170</td>
</tr>
<tr>
<td>Technical - Offshore</td>
<td>$50</td>
</tr>
</tbody>
</table>
6. **Project Assumptions**

AST has made the following assumptions in developing our proposed project plan and pricing:

The following assumptions have been made in the development of this proposal:

1. All parties (AST and SAWS) are committed to executing the project based upon the mutually agreed upon timeline, which AST’s Team and SAWS’s project leads will jointly maintain.

2. The resource and cost estimates have been based on fixed scope and schedule. The scope of services included is limited to those outline within AST’s proposal for implementation of Oracle Planning and Budgeting Cloud (PBCS) with AST Opex, together with and Oracle Enterprise Performance Reporting Cloud (EPRCS). Any changes to project scope, timeline, approach or resources will be subject to a formal Change Control process and may result in an increase to project costs.

3. Core Oracle PBCS and EPRCS features provide the desired functionality for SAWS – no additional, third-party solutions are required.

4. AST’s Opex pre-built solution for line-item, position budgeting and capital budgeting will be utilized that will align with SAWS’s requirements, allowing for a streamlined implementation schedule. Upfront definition activities are focused on alignment for SAWS’s requirements to Opex functionality and configuration of Opex. Customizations beyond those mentioned in ‘in scope’ may incur additional costs or impact the schedule.

5. The Oracle EPRCS implementation will leverage data housed within PBCS, rather than its own Oracle Essbase data application (typically used for stand-alone usage).

6. Oracle software Maintenance/support/warranty will be provided directly by the software vendor.

7. SAWS will procure and have been provisioned for the Oracle subscriptions targeted for this implementation prior to the project start.

8. Lawson (V10.0.6) is the only source system; source systems will not be upgraded and chart of accounts will not be modified during this project.

9. SAWS will be responsible for all Lawson-related work, including providing data conversion and data interfaces files in AST-prescribed formats.

10. SAWS is responsible for networking- and source system-related activities and issue resolution.

11. SAWS will make documentation, computer programs and data related to this initiative available to the AST Team upon project commencement; this includes all requirements documentation already derived by SAWS in preparation for this effort.

12. SAWS will assist in coordinating and making required resources available for information gathering sessions in a timely manner which may include some representative users of the system outside of SAWS.

13. SAWS will reasonably provide sufficient and appropriately skilled resources to deliver tasks and perform roles as required for the project.
14. If AST misses any major project milestones due to a delay in the deliverables or tasks that are SAWS’s responsibility, the overall timeline may be impacted. This may result in additional costs.

15. SAWS management, including SAWS’s Project Manager and key project participants, will be able to make timely decisions concerning issues raised by the project team.

16. SAWS will provide reasonably sufficient workspace and infrastructure for the consultants while onsite for the project (including but not limited to telephone, computers with the appropriate software, connection to network and existing documentation).

17. AST Team resources will honor all holidays observed by SAWS, although, with permission, may choose to work on holidays and weekends, when appropriate.

18. AST Team resources will work both remotely (both onshore and offshore) and onsite at SAWS facilities; when required, onsite travel will be coordinated with SAWS.

19. The fixed fee includes travel expenses for up to fifteen (15) onsite trips across core team members, excluding those offshore. If additional travel is requested by SAWS, a change order will be required for the additional costs based on a $1,650 per trip estimate.

20. AST’s standard documentation templates will be leveraged and adjusted by the AST Team, as needed. Microsoft Office will be leveraged for documentation and training material content creation.

21. At times, Oracle functionality may have software issues that prevent a function from working as advertised. As Oracle possesses the ultimate control over its software functions, AST will implement Oracle functions that are working, and may not be able to deliver functions that have issues.
Appendix 1 - Project Change Order Process

Any change in scope of the project as described in the Statement of Work, or changes that would affect the scope, timeline, resources or cost would be processed using this Project Change Request (PCR) process.

This would include:

- Customizations
- Additional Reporting
- Other Changes

For each customization that gets approved, the following will be provided:

- Design
- Test Scenarios

The PCR contains a description of the desired change, the business reason for the change, alternatives to the desired change, and estimates of resources, time, and/or cost to incorporate the change as well as any other pertinent information. This will allow SAWS to make a decision whether to approve and incorporate the change into the project or not.

The framework for the change control process is illustrated in the following diagram.

Figure 2: Project Change Order Process

- A Project Change Request (PCR) will be the vehicle for communicating change. The PCR must describe the change, the rationale for the change, and the effect the change will have on the project. It will also include the scope of the change, a description of the
activities to be completed as part of the project change request, an outline of the responsibilities of the parties involved and the estimated level of effort (and cost) to complete.

- SAWS’s Project Manager or any authorize person shall be authorized on behalf of SAWS to approve Change Orders that do not increase the cost of the Project or delay the completion of the Project.

- If a change request has an impact on budget or schedule, it will be presented to SAWS’s steering committee for approval. The steering committee will determine whether the benefits of the proposed change merit the investment, and whether they are willing to provide additional funding. Resolution (acceptance or rejection) of the PCR will be documented on the PCR in the Resolution section.

- For certain cost impact levels and per SAWS policy, Board approval may also be required.

- If approved, a written Project Change Request (PCR) will be signed by both AST and SAWS’s Project Managers to authorize implementation of the requested change.

- Approved Project Change Requests will be incorporated into the project work plan and assigned to the appropriate resources.

- Upon receiving an approved Change Order, AST shall promptly commence performing the Services described in the Change Order.

The following is the template to be used for Project Change Order Process
SECTION 1: GENERAL INFORMATION

<table>
<thead>
<tr>
<th>Participating Agency</th>
<th>&lt;name of agency requesting change&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requestor</td>
<td>&lt;name of Requestor requesting change&gt;</td>
</tr>
<tr>
<td>Participating Agency Project Manager(s)</td>
<td>Phone</td>
</tr>
<tr>
<td>&lt;name of PM&gt;</td>
<td>&lt;Phone Number of PM&gt;</td>
</tr>
<tr>
<td>Contractor</td>
<td>Application Software Technology (AST) LLC</td>
</tr>
<tr>
<td>Contractor Project Manager</td>
<td>Phone</td>
</tr>
<tr>
<td>&lt;name of AST PM&gt;</td>
<td>&lt;Phone Number of PM&gt;</td>
</tr>
</tbody>
</table>

Priority

<Indicate high, low or medium Priority>

SECTION 2: IMPACT

Mark with an “X” the area(s) impacted by this change order.

<table>
<thead>
<tr>
<th>Project Schedule</th>
<th>Project Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roles/Responsibilities/Personnel</td>
<td>Contract Amount</td>
</tr>
<tr>
<td>Technology</td>
<td>Deliverables</td>
</tr>
<tr>
<td>Project Contingency</td>
<td></td>
</tr>
</tbody>
</table>

SECTION 3: DESCRIPTION OF CHANGE/JUSTIFICATION

<This section may be a cross-reference to a spec but a summary should nevertheless be contained here>

SECTION 4: DETAIL OF CHANGE ORDER TERMS

<table>
<thead>
<tr>
<th>Change Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change From</td>
</tr>
<tr>
<td>Change To</td>
</tr>
</tbody>
</table>
SECTION 5: IMPACT SUMMARY

<table>
<thead>
<tr>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
</tr>
<tr>
<td>Contingency</td>
</tr>
<tr>
<td>Schedule</td>
</tr>
<tr>
<td>Cost</td>
</tr>
</tbody>
</table>

SECTION 6: APPROVALS

Approval of this change order is an indication that AST is authorized to perform the described activities. Changes resulting from this change order will constitute the entire agreement between the <Agency> and AST with respect to its subject matter. This change order is separate and independent from any other deliverables unless explicitly stated within this change order. This change order supersedes all prior or contemporaneous agreements, representations, or understandings, written or oral, explicit or implied, concerning the subject matter of this change order.

The effective date of the Change Order shall be the date this Change Order is signed by The Participating Agency and AST LLC.

APPLICATION SOFTWARE TECHNOLOGY LLC

_______________________________
AST Project Manager

_______________________________  ________________________________
SAWS Project Manager            Date Approved
Appendix 2 - Deliverable Acceptance

The following process will be followed for acceptance of deliverables during the project:

**System Event Deliverables Acceptance:**

Upon completion of a system event (E.g. Development Environment Created, Conference Room Pilot Complete), AST project manager shall submit a Deliverable Acceptance certificate to SAWS’s Project Manager. Upon AST’s submission, SAWS’s Project manager shall verify the completion of the system event and provide an acceptance within three (3) consecutive business days.

**Non-System Event Deliverables Acceptance:**

All completed non-system deliverables will be reviewed by AST’s project manager and uploaded to the designated project repository/network folder. AST Project Manager shall notify SAWS Project Manager and submit a Deliverable Acceptance Certificate.

Upon AST’s submission of a completed Deliverable, SAWS shall review the Deliverable and approve it or notify AST of the discrepancies and errors found in the Deliverable, within three (3) consecutive business days, unless otherwise mutually agreed to in writing by the Project Managers of both the parties.

If SAWS requires revisions to the submitted deliverables, all the required changes shall be collected and consolidated by SAWS’s Project Manager into one document and provided to AST Project Manager within the stipulated time period. AST shall then revise the Deliverable or satisfactorily explain the reasons for Accepting the Deliverable “as is”. Upon receipt of the revised Deliverable or receiving a satisfactory explanation for the deficiencies identified, SAWS Project Manager will verify that the changes were incorporated and accept the deliverable within three (3) consecutive business days. There shall be no new revisions requested for the deliverable other than those identified previously in the first round. All deliverables must be accepted in seven (7) consecutive business days of initial submission.

In the event that neither approval nor feedback from SAWS is received within stipulated time period, the deliverable shall be deemed as accepted.

**Project Acceptance:**

Once Acceptance of all pre-Go Live Deliverables associated with the project has occurred, SAWS shall begin using the Software Components for Productive Use (“Go Live Date”). Once SAWS has used the Software Components for Productive Use for the duration of the defined Production Support period, SAWS shall notify AST in writing of its “Project Acceptance”.

SAWS shall not use the Deliverable in a production environment or in the ordinary course of the conduct of their business prior to Acceptance of the Deliverable and such use shall, without the written consent of AST, be deemed Acceptance of such Deliverable.

The following form shall be used for Project Deliverable Acceptance:
EDM.910 – Acceptance Certificate
Budget Development System Implementation

San Antonio Water System

<table>
<thead>
<tr>
<th>Deliverable Type</th>
<th>Deliverable Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal/Change Order</td>
<td>&lt;&lt;Deliverable Name&gt;&gt;</td>
</tr>
<tr>
<td>Project Plan</td>
<td>&lt;&lt;Deliverable Description&gt;&gt;</td>
</tr>
<tr>
<td>Project Phase</td>
<td></td>
</tr>
<tr>
<td>Application Module</td>
<td></td>
</tr>
<tr>
<td>Business Process</td>
<td></td>
</tr>
<tr>
<td>Program Unit</td>
<td></td>
</tr>
<tr>
<td>Speciation/Documentation</td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td></td>
</tr>
</tbody>
</table>

The above deliverable has been reviewed by the undersigned and fully meets the project deliverable acceptance criteria.

Approved By

<table>
<thead>
<tr>
<th>Date</th>
<th>Name</th>
<th>Title</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;Date&gt;</td>
<td>&lt;Name&gt;</td>
<td>SAWS Project Manager</td>
<td></td>
</tr>
</tbody>
</table>
TO: San Antonio Water System Board of Trustees  
FROM: Mary Bailey, Vice President, Accounting and Business Planning, and Douglas Evanson, Senior Vice President/Chief Financial Officer  
THROUGH: Robert R. Puente, President/Chief Executive Officer  
SUBJECT: APPROVAL OF AMENDMENT OF THE ANNUAL BUDGET OF THE SAN ANTONIO WATER SYSTEM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018  

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:
On November 7, 2017, the Board of Trustees approved Resolution No. 17-245 which authorized the annual budget for San Antonio Water System (SAWS) for the fiscal year ending December 31, 2018. In accordance with Section 3 of Resolution No. 17-245, the attached resolution amends the SAWS Annual Budget for the Fiscal Year Ending December 31, 2018 to reflect a $1 million reduction in Operating Revenues, a $0.2 million increase in Operations and Maintenance and a $1.2 million reduction in the amount Available for Renewal & Replacement (R&R).

• The reduction in operating revenues is the result of changes made to SAWS Affordability Program to reflect both an increase in the monthly discounts provided to eligible customers as well as a projected increase in the number of customers enrolled in the program.

• The $0.2 million increase in Operations and Maintenance is associated with increasing the funds available for Project Agua payment assistance from $200,000.00 to $400,000.00.

• The reduction in the Operating Revenues and the increase in Operations and Maintenance is not expected to have a significant impact on SAWS financial results and metrics, therefore SAWS is not requesting any additional rate adjustment to mitigate these changes. As a result, the amount Available for R&R in 2018 will decrease by $1.2 million.

Staff will submit further amendments to the Annual Budget to the Board for approval in the event the actual amount Available for R&R – Unrestricted will be less than the amount shown in Attachment I or Debt Service and Expenses or Draw on Equity will be greater than the amount shown in Attachment I.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

The 2018 budget for the SAWS Affordability Program will increase from $4,680,998.00 to $5,680,998.00 and the budget for Project Agua payment assistance will increase from $200,000.00 to $400,000.00. As a result, the 2018 Amended Budget will reflect a $1 million decrease in Operating Revenues, a $0.2 million increase in Operations & Maintenance and a decrease in the amount Available for R&R from the amounts previously approved by the Board in November 2017 by Resolution No. 17-245.

Mary Bailey
Vice President
Accounting and Business Planning

Douglas P. Evanson
Senior Vice President/Chief Financial Officer

Robert R. Puente
President/Chief Executive Officer

Attachment I: 2018 SAWS Amended Annual Budget – Sources and Uses of Funds
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AMENDING THE ANNUAL BUDGET FOR THE SAN ANTONIO WATER SYSTEM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018; AUTHORIZING THE APPROVED ANNUAL BUDGET FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018 BE SUBMITTED TO THE CITY COUNCIL FOR REVIEW AND CONSULTATION; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, Ordinance No. 75686 adopted on April 30, 1992 by the City Council of the City of San Antonio, Texas (SAWS Creation Ordinance), requires that the San Antonio Water System (SAWS) Board of Trustees (Board) prepare an Annual Budget; and

WHEREAS, on November 7, 2017 the Board of Trustees approved the SAWS Annual Budget for the year ending December 31, 2018 (2018 SAWS Annual Budget) through Resolution No. 17-245; and

WHEREAS, Management has determined that the 2018 budget for the SAWS Affordability Program should be increased from $4,680,998.00 to $5,680,998.00 in order to provide for an increase in the monthly affordability discounts as well as an increase in the projected enrollment in the program; and

WHEREAS, management has determined that the 2018 budget for payment assistance provided by SAWS through the Project Agua program be increased from $200,000.00 to $400,000.00; and

WHEREAS, these changes in the 2018 budget for the SAWS Affordability Program and Project Agua Program require an amendment to the 2018 SAWS Annual Budget to reflect a $1 million reduction in both Operating Revenues, a $0.2 million increase in Operations and Maintenance and a $1.2 reduction in the amount Available for Renewal & Replacement; and

WHEREAS, the Amended 2018 SAWS Annual Budget reflecting these changes is summarized in Attachment I; and

WHEREAS, SAWS Creation Ordinance requires that the Annual Budget be submitted to the City Council for review and consultation; and

WHEREAS, the San Antonio Water System Board of Trustees desires to amend the SAWS Annual Budget for the fiscal year ending December 31, 2018 as summarized in Attachment I; now, therefore:
BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the Annual Budget of the San Antonio Water System for the fiscal year ending December 31, 2018 is hereby amended; such Budget amendment is summarized in Attachment I and is available for inspection at the office of the Board of Trustees Administrator.

2. That the submittal of the Amended 2018 SAWS Annual Budget, as set forth in Attachment I, and a report detailing the estimated sources and uses of funds and the Capital Improvement Program for the Fiscal Year ending December 31, 2018 for the San Antonio Water System to the City Council for their review and consultation, pursuant to the City Ordinance No. 75686 is hereby authorized.

3. It is officially found, determined and declared that the meeting at which this resolution was adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas codes annotated, as amended, Title 5, Chapter 551, Government Code.

4. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative, or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid, or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.

5. That this Resolution shall take effect immediately from and upon passage hereof.

PASSED AND APPROVED this the 9th day of January, 2018.

________________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Ernesto Arrellano, Jr., Secretary

Attachment I: 2018 SAWS Amended Annual Budget – Sources and Uses of Funds
## ATTACHMENT I
San Antonio Water System
Amended 2018 Annual Budget
Estimated Sources and Uses of Funds
($ in millions)

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>Previously Approved 2018 SAWS Budget</th>
<th>Amendment</th>
<th>Amended 2018 SAWS Budget</th>
</tr>
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<td>Operating Revenues</td>
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<td>$695.2</td>
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<tr>
<td>Non-operating Revenues</td>
<td>11.3</td>
<td>-</td>
<td>11.3</td>
</tr>
<tr>
<td>Draw on Equity</td>
<td>1.4</td>
<td>-</td>
<td>1.4</td>
</tr>
<tr>
<td>Capital Recovery Fees</td>
<td>72.9</td>
<td>-</td>
<td>72.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$781.8</strong></td>
<td><strong>$(1.0)</strong></td>
<td><strong>$780.8</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations and Maintenance</td>
<td>$339.7</td>
<td>$0.2</td>
<td>$339.9</td>
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<tr>
<td>Debt Service &amp; Expenses</td>
<td>236.2</td>
<td>-</td>
<td>236.2</td>
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<tr>
<td>Transfer to COSA</td>
<td>18.1</td>
<td>-</td>
<td>18.1</td>
</tr>
<tr>
<td>Available for R&amp;R - Restricted</td>
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<td>-</td>
<td>75.3</td>
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<tr>
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<td>112.5</td>
<td>(1.2)</td>
<td>111.3</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$781.8</strong></td>
<td><strong>$(1.0)</strong></td>
<td><strong>$780.8</strong></td>
</tr>
</tbody>
</table>
TO: San Antonio Water System Board of Trustees

FROM: Stacey Isenberg, CPA, Chief of Internal Audit

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPROVAL OF THE INTERNAL AUDIT RISK ASSESSMENT AND ANNUAL AUDIT PLAN FOR 2018 AND DIRECTING THAT THE PLAN BE IMPLEMENTED

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The mission of the San Antonio Water System (SAWS) Internal Audit Department is to provide independent and objective assurance and consulting services designed to add value and improve SAWS operations.

The purpose of Internal Audit is to assist the Audit Committee of the Board of Trustees and SAWS internal management in achieving the SAWS goals and objectives by providing analyses, evaluations, recommendations, counsel, and information concerning the audited activities and by promoting effective accountability.

The Chief of Internal Audit, working in conjunction with the Internal Audit staff, is responsible for developing an internal audit risk assessment and annual audit plan.

The risk assessment and audit plan for 2018 was reviewed by the Audit Committee during their regular meeting held on December 19, 2017. Exhibit A to the attached resolution provides details regarding the risk assessment and includes the 2018 Annual Audit Plan.

The attached resolution provides for approval of the Internal Audit Risk Assessment and Annual Audit Plan for 2018 and further directs the Internal Audit Department to implement the Plan.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:
The cost of implementing the 2018 Annual Audit Plan is included in the 2018 SAWS budget.

Stacey Isenberg, CPA  
Chief of Internal Audit

APPROVED:

Robert R. Puente  
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING THE INTERNAL AUDIT RISK ASSESSMENT AND 2018 ANNUAL AUDIT PLAN; FURTHER DIRECTING THE INTERNAL AUDIT DEPARTMENT TO IMPLEMENT THE PLAN; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the mission of the San Antonio Water System (the “System”) Internal Audit Department is to provide independent and objective assurance and consulting services designed to add value and improve the System; and

WHEREAS, the purpose of the Internal Audit Department is to assist the Audit Committee of the Board of Trustees and internal management in achieving the System’s goals and objectives by providing analyses, evaluations, recommendations, counsel, and information concerning the audited activities and by promoting effective accountability; and

WHEREAS, the Chief of Internal Audit, working in conjunction with the Internal Audit staff, is responsible for developing an internal audit risk assessment and annual audit plan; and

WHEREAS, the Risk Assessment and Audit Plan for 2018 was reviewed by the Audit Committee during their regular meeting held on December 19, 2017; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the Internal Audit Risk Assessment and 2018 Annual Audit Plan, and (ii) to further direct the Internal Audit Department to implement the Plan; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the Internal Audit Risk Assessment and 2018 Annual Audit Plan of the San Antonio Water System is hereby approved and attached as Exhibit A.

2. That the Internal Audit Department is hereby directed to implement the Plan.

3. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.
4. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

5. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 9th day of January, 2018.

____________________________
Berto Guerra, Jr., Chairman

ATTEST:

____________________________
Ernesto Arrellano, Jr., Secretary

Attachment:

Exhibit A - Internal Audit Risk Assessment and Annual Audit Plan
January 9, 2018

Mr. Berto Guerra, Jr., Chairman
Mayor Ron Nirenberg
Mr. Ernest Arrellano, Jr.
Ms. Patricia Jasso
Mr. David McGee
Ms. Patricia E. Merritt
Mr. Louis E. Rowe

Dear Chairman, Mayor, and Trustees:

We have completed the internal audit risk assessment and annual audit plan for 2018 and are pleased to present it for your review and approval. The Plan was reviewed by the SAWS Audit Committee during the December 19, 2017 Audit Committee meeting.

EXECUTIVE SUMMARY

The proposed 2018 Annual Audit Plan is designed to provide audit coverage across the entirety of the San Antonio Water System (SAWS). The proposed audit plan focuses on the highest risk areas as identified in the risk assessment process coupled with areas of interest to the Executive Management Team (EMT) and Board of Trustees. The proposed audit plan was developed by collaborating with the EMT to obtain input regarding the perceived risks in their respective functional areas. Input was also obtained from the Board of Trustees.

The 2018 audit plan will focus on four primary activities – audits, control self-assessments, advisory services, and the annual risk assessment. The Internal Audit Department is responsible for developing and implementing the audit plan. Resources available in the department to implement the plan include two auditors and the Chief of Internal Audit. A vacant auditor position is currently being recruited and is anticipated to be filled in the first half of 2018.

RISK ASSESSMENT AND ANNUAL AUDIT PLAN FOR 2018

The purpose of the Internal Audit Department is to provide independent, objective assurance and consulting services designed to add value and improve operations. The mission of the Internal Audit Department is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

To help ensure the mission and purpose of the Internal Audit Department is met, the Chief of Internal Audit is charged with developing and implementing an internal audit risk assessment and annual audit plan. This plan is intended to provide the Audit Committee, the Board of Trustees and SAWS internal management with Internal Audit’s plan of work for 2018. The plan consists of
24 projects as well as allocated hours reserved for management requests. The 24 identified projects are categorized below:

<table>
<thead>
<tr>
<th>2018 AUDIT PROJECTS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Audits</td>
<td>11</td>
</tr>
<tr>
<td>Follow-up Audit</td>
<td>1</td>
</tr>
<tr>
<td>Contingency Audits</td>
<td>5</td>
</tr>
<tr>
<td>Control Self-Assessments</td>
<td>5</td>
</tr>
<tr>
<td>Internal Audit Projects</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24</strong></td>
</tr>
</tbody>
</table>

As noted above, the 2018 Annual Audit Plan includes five control self-assessment projects. During these projects, Internal Audit will facilitate workshops to help management identify, examine and improve the internal controls related to their processes or functions.

The Internal Audit Department is also authorized to perform work not specified in the plan when deemed necessary or in response to changes in the assessed risk, subject to concurrence by the Audit Committee.

**RISK ASSESSMENT PROCESS**

The Internal Audit Department uses a risk assessment process to identify and select the specific internal audit projects to be performed. The objective of this assessment is to ensure that SAWS has sufficient and continuous internal audit coverage of those areas judged as having a relatively high risk rating or that otherwise require internal audit attention.

Although the Annual Internal Audit Plan is based primarily on the risk assessment, other factors can influence the focus of audit efforts. This may include specific requests by the EMT or a Trustee, audit allocation across EMT areas, or audit requirements from prior audits or projects.

**AUDIT UNIVERSE**

The risk assessment process starts with the identification of all auditable areas within the organization. The table below indicates changes made to the number of auditable areas compared to the prior year.
RISK CATEGORIES

As part of the risk assessment process, risk is estimated based on an evaluation of the categories described in the table below. Each auditable area is scored based upon the level of risk within each category. This rating process allows auditable areas to be objectively compared to each other based on relative overall risk.

<table>
<thead>
<tr>
<th>RISK CATEGORY</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic</td>
<td>Potential impact from external &amp; internal threats to maintaining alignment with SAWS business strategy</td>
</tr>
<tr>
<td>Operational</td>
<td>Ineffective or inefficient use of resources and operating procedures</td>
</tr>
<tr>
<td>Financial</td>
<td>Financial loss due to reporting, accounting, cash management or budgeting issues</td>
</tr>
<tr>
<td>Compliance</td>
<td>Regulatory sanctions, penalties and loss due to the failure to comply with applicable laws and regulations</td>
</tr>
<tr>
<td>System</td>
<td>Inefficiency and loss due to the lack of effective and integrated systems to process information</td>
</tr>
</tbody>
</table>

RISK LEVELS

The auditable areas are ranked by overall risk rating and categorized as high, medium or low risk. The table below shows the number of auditable areas by risk level.

<table>
<thead>
<tr>
<th>AUDITABLE AREAS BY RISK LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
</tr>
<tr>
<td>Medium</td>
</tr>
<tr>
<td>Low</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
AUDIT RISK COVERAGE

The Audit Plan for 2018 continues to focus on the areas identified as having the greatest level of risk as shown in the following table:

<table>
<thead>
<tr>
<th>RISK</th>
<th>2014 - 2017 Audit Projects</th>
<th>2018 Audit Projects</th>
<th>Total Audit Projects</th>
<th>Audit Universe</th>
<th>Audit Risk Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>12</td>
<td>1</td>
<td>13</td>
<td>14</td>
<td>93%</td>
</tr>
<tr>
<td>Medium</td>
<td>33</td>
<td>7</td>
<td>40</td>
<td>87</td>
<td>46%</td>
</tr>
<tr>
<td>Low</td>
<td>23</td>
<td>9</td>
<td>32</td>
<td>156</td>
<td>21%</td>
</tr>
<tr>
<td>Total</td>
<td>68</td>
<td>17*</td>
<td>85</td>
<td>257</td>
<td>33%</td>
</tr>
</tbody>
</table>

*Excludes Internal Audit Projects and Control Self-Assessments

The above table indicates there will be 93% audit coverage of the high risk areas over a five-year period when the proposed 2018 audit projects are completed. Additionally, there will be audit coverage of 46% of the medium risk auditable areas.

We look forward to the opportunity to work together with the Audit Committee, Board of Trustees and Management to perform quality audits and provide other advisory services that will add strategic value to the SAWS operational processes. We wish to express our appreciation for the cooperation, courtesy and input provided by the Audit Committee members and SAWS Executive Management Team during the risk assessment process that led to the development of this Annual Audit Plan for 2018.

Respectfully submitted,

Stacey Isenberg, CPA
Chief of Internal Audit
### 2018 Internal Audit Plan

<table>
<thead>
<tr>
<th>Project #</th>
<th>Major Process</th>
<th>EMT Member</th>
<th>Auditable Area</th>
<th>Risk Rating (1-5)</th>
<th>Risk Level</th>
<th>Last Audited *</th>
<th>Last Audit Opinion</th>
<th>Budgeted Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Business Planning</td>
<td>Bailey</td>
<td>Payroll</td>
<td>3.8</td>
<td>High</td>
<td>2013</td>
<td>Adequate</td>
<td>240</td>
</tr>
<tr>
<td>2</td>
<td>Infrastructure Planning</td>
<td>Beymer</td>
<td>Impact Fees Development Process</td>
<td>3.4</td>
<td>Medium</td>
<td>NPA</td>
<td>-</td>
<td>320</td>
</tr>
<tr>
<td>3</td>
<td>Production &amp; Treatment</td>
<td>Haby</td>
<td>Control Center</td>
<td>3.4</td>
<td>Medium</td>
<td>NPA</td>
<td>-</td>
<td>240</td>
</tr>
<tr>
<td>4</td>
<td>Information Systems</td>
<td>Pulapaka</td>
<td>GIS and Mapping</td>
<td>3.6</td>
<td>Medium</td>
<td>2011</td>
<td>Adequate</td>
<td>280</td>
</tr>
<tr>
<td>5</td>
<td>Risk Management</td>
<td>De La Garza</td>
<td>Accident and Incident Reporting</td>
<td>2.6</td>
<td>Medium</td>
<td>2009</td>
<td>Requires Improvement</td>
<td>240</td>
</tr>
<tr>
<td>6</td>
<td>Water Resources</td>
<td>Burton</td>
<td>Non-Revenue Water</td>
<td>2.4</td>
<td>Medium</td>
<td>2014</td>
<td>Continuous Monitoring</td>
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<tr>
<td>7</td>
<td>Distribution &amp; Collection</td>
<td>Brinkmann</td>
<td>Meter Sets</td>
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<td>Low</td>
<td>NPA</td>
<td>-</td>
<td>240</td>
</tr>
<tr>
<td>8</td>
<td>Communications &amp; External Affairs</td>
<td>Ramos</td>
<td>Project Agua</td>
<td>2.2</td>
<td>Low</td>
<td>NPA</td>
<td>-</td>
<td>240</td>
</tr>
<tr>
<td>9</td>
<td>Resource Protection &amp; Compliance</td>
<td>Clouse</td>
<td>Waste Hauler Program</td>
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<td>Low</td>
<td>NPA</td>
<td>-</td>
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<td>Pulapaka</td>
<td>IT Governance</td>
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<td>NPA</td>
<td>-</td>
<td>280</td>
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<tr>
<td>11</td>
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<td>Belinsky</td>
<td>Real Estate Sales</td>
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<td>-</td>
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<tr>
<td>12</td>
<td>Customer Experience</td>
<td>Barard</td>
<td>Delinquency/Collection Process</td>
<td>3.2</td>
<td>Medium</td>
<td>2017</td>
<td>Inadequate</td>
<td>200</td>
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<tr>
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<td>De La Garza</td>
<td>FLSA</td>
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<td>No Opinion</td>
<td>240</td>
</tr>
<tr>
<td>14</td>
<td>Distribution &amp; Collection</td>
<td>Brinkmann</td>
<td>Take Home Vehicles</td>
<td>2.2</td>
<td>Low</td>
<td>2008</td>
<td>Adequate</td>
<td>240</td>
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<tr>
<td>15</td>
<td>Financial Services</td>
<td>Evanson</td>
<td>Bank Management</td>
<td>2.2</td>
<td>Low</td>
<td>NPA</td>
<td>-</td>
<td>240</td>
</tr>
<tr>
<td>16</td>
<td>Business Planning</td>
<td>Bailey</td>
<td>Procurement Cards</td>
<td>1.8</td>
<td>Low</td>
<td>2012</td>
<td>Adequate</td>
<td>240</td>
</tr>
<tr>
<td>17</td>
<td>Billing</td>
<td>Barard</td>
<td>Customer Adjustments</td>
<td>1.2</td>
<td>Low</td>
<td>2008</td>
<td>Requires Improvement</td>
<td>240</td>
</tr>
<tr>
<td>18</td>
<td>Production &amp; Treatment</td>
<td>Haby</td>
<td>Identify Key Processes, Risks, and Controls</td>
<td>240</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Legal</td>
<td>Belinsky</td>
<td>Identify Key Processes, Risks, and Controls</td>
<td>240</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Engineering &amp; Construction</td>
<td>Beymer</td>
<td>Identify Key Processes, Risks, and Controls</td>
<td>240</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>21</td>
<td>Financial Services</td>
<td>Evanson</td>
<td>Identify Key Processes, Risks, and Controls</td>
<td>240</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Resource Protection &amp; Compliance/Laboratory</td>
<td>Clouse</td>
<td>Identify Key Processes, Risks, and Controls</td>
<td>240</td>
<td></td>
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</tbody>
</table>

**FOLLOW-UP AUDIT**

<table>
<thead>
<tr>
<th>Project #</th>
<th>Major Process</th>
<th>EMT Member</th>
<th>Auditable Area</th>
<th>Risk Rating (1-5)</th>
<th>Risk Level</th>
<th>Last Audited *</th>
<th>Last Audit Opinion</th>
<th>Budgeted Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Customer Experience</td>
<td>Barard</td>
<td>Delinquency/Collection Process</td>
<td>3.2</td>
<td>Medium</td>
<td>2017</td>
<td>Inadequate</td>
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</table>

**CONTINGENCY AUDITS**

<table>
<thead>
<tr>
<th>Project #</th>
<th>Major Process</th>
<th>EMT Member</th>
<th>Auditable Area</th>
<th>Risk Rating (1-5)</th>
<th>Risk Level</th>
<th>Last Audited *</th>
<th>Last Audit Opinion</th>
<th>Budgeted Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Human Resources</td>
<td>De La Garza</td>
<td>FLSA</td>
<td>2.4</td>
<td>Medium</td>
<td>2006</td>
<td>No Opinion</td>
<td>240</td>
</tr>
<tr>
<td>14</td>
<td>Distribution &amp; Collection</td>
<td>Brinkmann</td>
<td>Take Home Vehicles</td>
<td>2.2</td>
<td>Low</td>
<td>2008</td>
<td>Adequate</td>
<td>240</td>
</tr>
<tr>
<td>15</td>
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<td>Evanson</td>
<td>Bank Management</td>
<td>2.2</td>
<td>Low</td>
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<td>-</td>
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<tr>
<td>16</td>
<td>Business Planning</td>
<td>Bailey</td>
<td>Procurement Cards</td>
<td>1.8</td>
<td>Low</td>
<td>2012</td>
<td>Adequate</td>
<td>240</td>
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<tr>
<td>17</td>
<td>Billing</td>
<td>Barard</td>
<td>Customer Adjustments</td>
<td>1.2</td>
<td>Low</td>
<td>2008</td>
<td>Requires Improvement</td>
<td>240</td>
</tr>
</tbody>
</table>

**RISK AND CONTROL SELF ASSESSMENTS**

<table>
<thead>
<tr>
<th>Project #</th>
<th>Major Process</th>
<th>EMT Member</th>
<th>Auditable Area</th>
<th>Risk Rating (1-5)</th>
<th>Risk Level</th>
<th>Last Audited *</th>
<th>Last Audit Opinion</th>
<th>Budgeted Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Production &amp; Treatment</td>
<td>Haby</td>
<td>Identify Key Processes, Risks, and Controls</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Legal</td>
<td>Belinsky</td>
<td>Identify Key Processes, Risks, and Controls</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Engineering &amp; Construction</td>
<td>Beymer</td>
<td>Identify Key Processes, Risks, and Controls</td>
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<td>21</td>
<td>Financial Services</td>
<td>Evanson</td>
<td>Identify Key Processes, Risks, and Controls</td>
<td></td>
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<tr>
<td>22</td>
<td>Resource Protection &amp; Compliance/Laboratory</td>
<td>Clouse</td>
<td>Identify Key Processes, Risks, and Controls</td>
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**ADVISORY PROJECTS**

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<tr>
<th>Project #</th>
<th>Major Process</th>
<th>EMT Member</th>
<th>Auditable Area</th>
<th>Risk Rating (1-5)</th>
<th>Risk Level</th>
<th>Last Audited *</th>
<th>Last Audit Opinion</th>
<th>Budgeted Hours</th>
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<td>23</td>
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<td>Allocated hours reserved for management requests</td>
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**INTERNAL AUDIT PROJECTS**

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<th>EMT Member</th>
<th>Auditable Area</th>
<th>Risk Rating (1-5)</th>
<th>Risk Level</th>
<th>Last Audited *</th>
<th>Last Audit Opinion</th>
<th>Budgeted Hours</th>
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<td>24</td>
<td>Risk Assessment and Annual Audit Plan</td>
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<td>All Departments, Functions and Activities</td>
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<td>25</td>
<td>Internal Audit Self Assessment</td>
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<td>Internal Audit</td>
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</tr>
</tbody>
</table>

Total Hours: 6,020

* NPA = Not previously audited
TO: San Antonio Water System Board of Trustees  
FROM: Stacey Isenberg, CPA, Chief of Internal Audit  
THROUGH: Robert R. Puente, President/Chief Executive Officer  
SUBJECT: APPROVAL OF THE SAN ANTONIO WATER SYSTEM AUDIT COMMITTEE CHARTER WITH PROPOSED CHANGES BASED ON THE REQUIRED ANNUAL REVIEW  

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The Audit Committee is appointed by the San Antonio Water System Board of Trustees to assist executive management and the Board in overseeing the integrity of the SAWS financial reporting, internal controls and external and internal audit functions.

An Audit Committee Charter delineates the role, authority, and responsibilities of the Audit Committee. One of the responsibilities of the Committee is to review and assess annually the adequacy of the Audit Committee Charter.

As a result of this review, changes were proposed. A copy of the updated Audit Committee Charter is included as Exhibit A to the resolution. Exhibit B includes the redline version showing the proposed changes.

The attached resolution provides for approval of the proposed changes to the Audit Committee Charter.

The Audit Committee recommends approval of these changes to the San Antonio Water System Board of Trustees.
FINANCIAL IMPACT:
Implementing the changes to the Audit Committee Charter will have no direct financial impact.

Stacey Isenberg, CPA
Chief of Internal Audit

APPROVED:

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING THE AUDIT COMMITTEE CHARTER WITH THE PROPOSED CHANGES BASED ON THE REQUIRED ANNUAL REVIEW; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the Audit Committee is appointed by the San Antonio Water System Board of Trustees to assist executive management and the Board in overseeing the integrity of the SAWS financial reporting, internal controls and external and internal audit functions; and

WHEREAS, the Audit Committee of the San Antonio Water System Board of Trustees has developed an Audit Committee Charter; and

WHEREAS, the Audit Committee Charter delineates the role, authority, and responsibilities of the Audit Committee; and

WHEREAS, the Audit Committee has reviewed and proposed changes to the Charter and recommends approval of these changes to the San Antonio Water System Board of Trustees; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the Audit Committee Charter with the proposed changes and further direct that the San Antonio Water System implement the Audit Committee Charter; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the Audit Committee Charter of the San Antonio Water System with the proposed changes is hereby approved and attached as Exhibit A. Exhibit B indicates the redline proposed changes to the Audit Committee Charter.

2. That the San Antonio Water System is hereby directed to implement the Audit Committee Charter.

3. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.
4. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

5. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 9th day of January, 2018.

____________________________
Berto Guerra, Jr., Chairman

ATTEST:

____________________________
Ernesto Arrellano, Jr., Secretary

Attachments:

Exhibit A - Audit Committee Charter
Exhibit B - Audit Committee Charter – Redline Version
Role of the Committee
The primary responsibility for financial and other reporting, internal controls and compliance with laws and regulations and ethics rests with executive management of the San Antonio Water System (SAWS).

The Audit Committee (“Committee”) is appointed by the Board of Trustees of the San Antonio Water System (“Board”). The role of the Committee is to assist executive management and the Board to oversee the integrity of SAWS financial reporting, internal controls and external and internal audit functions. The Committee’s role includes a particular focus on the qualitative aspects of financial reporting policies and practices and the management of business and financial risk. In essence, the Committee is an advisory body to the SAWS Board.

The role includes coordination with the Board and other committees as the Board may appoint, and maintenance of strong positive working relationships with management, external and internal auditors, internal and external counsel, and other Committee advisors.

Authority of the Committee
The authority of the Committee is to exercise their judgment, report to the Board and recommend action in what they reasonably believe to be the best interests of SAWS. It is empowered to:

- Oversee the appointment, compensation and work of the public accounting firm employed by SAWS to conduct the annual audit. This firm will report directly to the Committee.

- Have unrestricted access to all relevant information as requested by the Committee.

- Retain, with Board approval, as applicable, and at SAWS expense, persons having special competencies (including, legal, accounting or other consultants and experts) to assist the Committee in fulfilling its responsibilities.

- Authorize creation of subcommittees, for special studies or tasks as necessary, provided that such final recommendations are presented to the Committee at its next scheduled meeting.
Committee Membership
The Committee shall consist of three (3) Board members and one (1) non-SAWS Board member who has specialized expertise in finance but has no direct or indirect interest in SAWS financial transactions. The term of each Committee member shall be one (1) year, or until a replacement is appointed by the Board. Committee appointments shall be approved by the Board. Committee members shall have the ability to understand SAWS business and risk profile and to apply their judgment to the issues with an independent and critical eye. Each Committee member shall have one vote for purposes of any Committee decisions and/or rendering recommendations to the Board.

Meeting Matters
The Committee shall meet at least four times a year, with an attempt to meet quarterly. All Committee meetings shall be open to the public and noticed and conducted in accordance with the Texas Open Meetings Act, Section 551.001 et seq. of the Texas Government Code, as amended, or any successor law in effect from time to time. All Committee members are expected to attend each meeting. Additional meetings shall be scheduled as considered necessary by the Committee or Committee Chair. Meeting agendas will be prepared and provided in advance to members along with appropriate briefing materials. Meeting minutes will be prepared for each meeting.

Quorum
Two of the currently appointed committee members must be present to constitute a quorum and to proceed with a meeting.

Decision Making
There shall be an effort extended to achieve a consensus of the Committee members present for all issues that require decision making. It is particularly desirable for a recommendation to the Board to be completed through consensus, but the Chairperson may decide to proceed with completion through a vote. If the Chairperson deems that a vote is necessary, issues to be voted on will be decided by a simple majority of the committee membership present.

Responsibilities
The Committee will carry out the following responsibilities:

Review of Financial Statements
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas and recent professional and regulatory pronouncements; and understand their impact on the financial statements.
- Review SAWS Comprehensive Annual Financial Report and consider whether it is complete, consistent with information known to Committee members and reflect appropriate accounting principles.
- Review with SAWS internal management and the internal and/or external auditors major issues regarding accounting principles and financial statements presentations, including any significant changes in SAWS selection or application of accounting principles.
• Review with SAWS internal management and the internal and/or external auditors the results of the audit, including any difficulties encountered.

• Review and report to the Board any fraud or potential fraud that involves SAWS internal management or other employees who have a significant role in SAWS internal controls.

Risk Management
• Understand SAWS business risk profile, including the adequacy of SAWS overall control environment and controls in selected areas representing significant financial and business risk (i.e., operational, legal, reputation, etc.)

• Meet periodically with SAWS internal management to review SAWS major risk exposures and steps management has taken to monitor and control such exposures.

Internal Control
• Consider the effectiveness of SAWS internal control system, including information technology security and control.

• Understand the scope of internal and external auditors’ review of internal control over financial reporting and obtain reports on significant findings and recommendations, together with management’s responses.

Internal Audit
• Review with SAWS internal management and the Chief of Internal Audit the internal audit risk assessment and annual audit plan.

• Recommend to the Board approval of the internal audit risk assessment and annual audit plan.

• Review and assess annually the adequacy of the Internal Audit Charter, and forward recommendations to the Board for approval.

• Review with SAWS internal management and the Chief of Internal Audit staffing and the organizational structure of the internal audit function.

• Make appropriate inquiries of SAWS internal management and the Chief of Internal Audit to determine whether there are inappropriate scope, budget or resource limitations that impede the ability of the Internal Audit Department to execute its responsibilities.

• Review Internal Audit’s annual budget, as prepared by the Chief of Internal Audit and the Chief Financial Officer, and render recommendations, if any to the Chief of Internal Audit and the Chief Financial Officer. Approval of Internal Audit’s budget will occur in conjunction with the approval of the overall SAWS budget by the Board.

• Review the appointment, replacement, reassignment, or dismissal of the Chief of Internal Audit and forward recommendations to the Board for approval.
• Review and evaluate with the President/CEO the performance and compensation of the Chief of Internal Audit.

• Review and evaluate the effectiveness of the internal audit function, including compliance with the mandatory elements of the Institute of Internal Auditors’ International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing.

• Review and evaluate Internal Audit Department’s progress on the annual audit plan and other matters.

External Audit
• Review the qualifications of the external auditors; oversee due diligence responsibilities relative to the external audit firm(s) selection, compensation and terms of engagement and recommend final approval to the Board on the appointment or discharge of the external auditors.

• Review the external auditors proposed audit scope, planning and staff of the audit, including coordination of their audit effort with SAWS staff.

• Confirm the independence of the external auditors by obtaining statements from them on their relationships with SAWS, including non-audit services.

• Meet with the external auditors and appropriate SAWS staff at the conclusion of the annual audit to review the audit results and financial statements or any other necessary matters.

• At least annually, obtain and review a written report by external auditors describing (a) the firm’s quality-control procedures (b) any material issues raised by the most recent internal quality-control review or peer review, or (c) any inquiry or investigation by governmental or professional authorities.

• Review the external auditors’ work throughout the year including obtaining the opinions of SAWS internal management and SAWS internal auditors. Based upon the foregoing, evaluate the external auditors’ performance and present the Committee’s conclusions to the Board.

Compliance
• Review legal and regulatory matters that may have a material impact on SAWS financial statements.

• Obtain regular updates from management and legal counsel regarding compliance matters.
Reporting Responsibilities

- Regularly report to the Board about Committee activities, issues and related recommendations.

- Provide an open avenue of communication between internal auditors, external auditors, and the Board.

- Review other SAWS issues that relate to the Committee’s overall responsibilities.

Other Duties

- Oversee special investigations as requested by the Board.

- Review and assess annually the adequacy of the Audit Committee Charter, and forward recommendations to the Board for approval.

- Confirm all responsibilities outlined in this Charter have been carried out.

- Perform other activities related to this Charter as requested by the Board.

Patricia E. Merritt
Chair, Audit Committee
San Antonio Water System Board of Trustees

January 9, 2018

Berto Guerra Jr., Chairman
San Antonio Water System Board of Trustees

January 9, 2018
EXHIBIT B
SAN ANTONIO WATER SYSTEM
BOARD OF TRUSTEES
AUDIT COMMITTEE CHARTER

Role of the Committee
The primary responsibility for financial and other reporting, internal controls and compliance with laws and regulations and ethics rests with executive management of the San Antonio Water System (SAWS).

The Audit Committee (“Committee”) is appointed by the Board of Trustees of the San Antonio Water System (“Board”). The role of the Committee is to assist executive management and the Board to oversee the integrity of SAWS financial reporting, internal controls and external and internal audit functions. The Committee’s role includes a particular focus on the qualitative aspects of financial reporting policies and practices and the management of business and financial risk. In essence, the Committee is an advisory body to the SAWS Board.

The role includes coordination with the Board and other committees as the Board may appoint, and maintenance of strong positive working relationships with management, external and internal auditors, internal and external counsel, and other Committee advisors.

Authority of the Committee
The authority of the Committee is to exercise their judgment, report to the Board and recommend action in what they reasonably believe to be the best interests of SAWS. It is empowered to:

- Oversee the appointment, compensation and work of the public accounting firm employed by SAWS to conduct the annual audit. This firm will report directly to the Committee.

- Have unrestricted access to all relevant information as requested by the Committee.

- Retain, with Board approval, as applicable, and at SAWS expense, persons having special competencies (including, legal, accounting or other consultants and experts) to assist the Committee in fulfilling its responsibilities.

- Authorize creation of subcommittees, for special studies or tasks as necessary, provided that such final recommendations are presented to the Committee at its next scheduled meeting.
Committee Membership
The Committee shall consist of three (3) Board members and one (1) non-SAWS Board member who has specialized expertise in finance but has no direct or indirect interest in SAWS financial transactions. The term of each Committee member shall be one (1) year, or until a replacement is appointed by the Board. Committee appointments shall be approved annually by the Board at their January Board meeting. Committee members shall have the ability to understand SAWS business and risk profile and to apply their judgment to the issues with an independent and critical eye. Each Committee member shall have one vote for purposes of any Committee decisions and/or rendering recommendations to the Board.

Meeting Matters
The Committee shall meet at least four times a year, with an attempt to meet quarterly. All Committee meetings shall be open to the public and noticed and conducted in accordance with the Texas Open Meetings Act, Section 551.001 et seq. of the Texas Government Code, as amended, or any successor law in effect from time to time. All Committee members are expected to attend each meeting. Additional meetings shall be scheduled as considered necessary by the Committee or Committee Chair. Meeting agendas will be prepared and provided in advance to members along with appropriate briefing materials. Meeting minutes will be prepared for each meeting.

Quorum
Three of the currently appointed committee members must be present to constitute a quorum and to proceed with a meeting.

Decision Making
There shall be an effort extended to achieve a consensus of the Committee members present for all issues that require decision making. It is particularly desirable for a recommendation to the Board to be completed through consensus, but the Chairperson may decide to proceed with completion through a vote. If the Chairperson deems that a vote is necessary, issues to be voted on will be decided by a simple majority of the committee membership present.

Responsibilities
The Committee will carry out the following responsibilities:

Review of Financial Statements
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas and recent professional and regulatory pronouncements; and understand their impact on the financial statements.

- Review SAWS Comprehensive Annual Financial Report and consider whether it is complete, consistent with information known to Committee members and reflect appropriate accounting principles.

- Review with SAWS internal management and the internal and/or external auditors major issues regarding accounting principles and financial statements presentations, including any significant changes in SAWS selection or application of accounting principles.
• Review with SAWS internal management and the internal and/or external auditors the results of the audit, including any difficulties encountered.

• Review and report to the Board any fraud or potential fraud that involves SAWS internal management or other employees who have a significant role in SAWS internal controls.

Risk Management
• Understand SAWS business risk profile, including the adequacy of SAWS overall control environment and controls in selected areas representing significant financial and business risk (i.e., operational, legal, reputation, etc.)

• Meet periodically with SAWS internal management to review SAWS major risk exposures and steps management has taken to monitor and control such exposures.

Internal Control
• Consider the effectiveness of SAWS internal control system, including information technology security and control.

• Understand the scope of internal and external auditors’ review of internal control over financial reporting and obtain reports on significant findings and recommendations, together with management’s responses.

Internal Audit
• Review with SAWS internal management and the Chief of Internal Audit the internal audit risk assessment and annual audit plan.

• Recommend to the Board approval of the internal audit risk assessment and annual audit plan.

• Review and assess annually the adequacy of the Internal Audit Charter, and forward recommendations to the Board for approval.

• Review with SAWS internal management and the Chief of Internal Audit staffing and the organizational structure of the internal audit function.

• Make appropriate inquiries of SAWS internal management and the Chief of Internal Audit to determine whether there are inappropriate scope, budget or resource limitations that impede the ability of the Internal Audit Department to execute its responsibilities.

• Review Internal Audit’s annual budget, as prepared by the Chief of Internal Audit and the Chief Financial Officer, and render recommendations, if any to the Chief of Internal Audit and the Chief Financial Officer. Approval of Internal Audit’s budget will occur in conjunction with the approval of the overall SAWS budget by the Board.

• Review the appointment, replacement, reassignment, or dismissal of the Chief of Internal Audit and forward recommendations to the Board for approval.
• Review and evaluate with the President/CEO the performance and compensation of the Chief of Internal Audit.

• Review and evaluate the effectiveness of the internal audit function, including compliance with the mandatory elements of the Institute of Internal Auditors’ International Professional Practices Framework, promulgated by the Institute of Internal Auditors (IIA) that includes as mandatory guidance including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing.

• Review and evaluate Internal Audit Department’s progress on the annual audit plan and other matters.

External Audit
• Review the qualifications of the external auditors; oversee due diligence responsibilities relative to the external audit firm(s) selection, compensation and terms of engagement and recommend final approval to the Board on the appointment or discharge of the external auditors.

• Review the external auditors proposed audit scope, planning and staff of the audit, including coordination of their audit effort with SAWS staff.

• Confirm the independence of the external auditors by obtaining statements from them on their relationships with SAWS, including non-audit services.

• Meet with the external auditors and appropriate SAWS staff at the conclusion of the annual audit to review the audit results and financial statements or any other necessary matters.

• At least annually, obtain and review a written report by external auditors describing (a) the firm’s quality-control procedures (b) any material issues raised by the most recent internal quality-control review or peer review, or (c) any inquiry or investigation by governmental or professional authorities.

• Review the external auditors’ work throughout the year including obtaining the opinions of SAWS internal management and SAWS internal auditors. Based upon the foregoing, evaluate the external auditors’ performance and present the Committee’s conclusions to the Board.

Compliance
• Review legal and regulatory matters that may have a material impact on SAWS financial statements.

• Obtain regular updates from management and legal counsel regarding compliance matters.
Reporting Responsibilities

• Regularly report to the Board about Committee activities, issues and related recommendations.

• Provide an open avenue of communication between internal auditors, external auditors, and the Board.

• Review other SAWS issues that relate to the Committee’s overall responsibilities.

Other Duties

• Oversee special investigations as requested by the Board.

• Review and assess annually the adequacy of the Audit Committee Charter, and forward recommendations to the Board for approval.

• Confirm annually that all responsibilities outlined in this Charter have been carried out.

• Perform other activities related to this Charter as requested by the Board.

______________________________    January 9, 2018
Patricia E. Merritt        Date
Chair, Audit Committee
San Antonio Water System Board of Trustees

______________________________    January 9, 2018
Berto Guerra Jr., Chairman       Date
San Antonio Water System Board of Trustees
TO: San Antonio Water System Board of Trustees

FROM: Stacey Isenberg, CPA, Chief of Internal Audit

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPROVAL OF THE SAN ANTONIO WATER SYSTEM INTERNAL AUDIT CHARTER WITH PROPOSED CHANGES BASED ON THE REQUIRED ANNUAL REVIEW

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The San Antonio Water System Internal Audit Department adheres to the mandatory elements of the Institute of Internal Auditors’ International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). As noted in the Standards, the purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter.

The San Antonio Water System Internal Audit Charter requires the Chief of Internal Audit to review and assess annually the adequacy of the charter, presenting to SAWS internal management and the Audit Committee, and requesting Board approval for any proposed changes.

As a result of this review, changes were proposed. A copy of the updated Internal Audit Charter is included as Exhibit A to the resolution. Exhibit B includes the redline version showing the proposed changes.

The attached resolution provides for approval of the proposed changes to the Internal Audit Charter.

The Audit Committee recommends approval of these changes to the San Antonio Water System Board of Trustees.
**FINANCIAL IMPACT:**
Implementing the changes to the Internal Audit Charter will have no direct financial impact.

![Signature]
Stacey Iseberg, CPA
Chief of Internal Audit

**APPROVED:**

![Signature]
Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING THE INTERNAL AUDIT CHARTER WITH THE PROPOSED CHANGES BASED ON THE REQUIRED ANNUAL REVIEW; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System Internal Audit Department adheres to the mandatory elements of the Institute of Internal Auditors’ International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (Standards); and

WHEREAS, the Standards require the purpose, authority, and responsibility of the internal audit activity be formally defined in an internal audit charter.

WHEREAS, the Chief of Internal Audit is required to review and assess annually the adequacy of the Internal Audit Charter, presenting to SAWS internal management and the Audit Committee, and requesting Board approval for any proposed changes; and

WHEREAS, the Audit Committee has reviewed the proposed changes to the Charter and recommends approval of these changes to the San Antonio Water System Board of Trustees; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the Internal Audit Charter with the proposed changes and further direct that the San Antonio Water System implement the Internal Audit Committee Charter; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the Internal Audit Charter of the San Antonio Water System with the proposed changes is hereby approved and attached as Exhibit A. Exhibit B indicates the redline proposed changes to the Internal Audit Charter.

2. That the San Antonio Water System is hereby directed to implement the Internal Audit Charter.

3. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the
public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

4. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

5. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 9th day of January, 2018.

____________________________
Berto Guerra, Jr., Chairman

ATTEST:

____________________________
Ernesto Arrellano, Jr., Secretary

Attachments:

Exhibit A - Internal Audit Charter
Exhibit B - Internal Audit Charter – Redline Version
EXHIBIT A
SAN ANTONIO WATER SYSTEM
INTERNAL AUDIT CHARTER

Introduction
The Board of Trustees of the San Antonio Water System (“Board”) is committed to serving our communities with sustainable, affordable water services by assuring a strong internal control framework is in place. To assist in achieving that objective, the Board of Trustees hereby affirms full support for a viable Internal Auditing program.

Purpose and Mission
The purpose of the San Antonio Water System ("SAWS") Internal Audit Department ("Internal Audit") is to provide independent, objective assurance and consulting services designed to add value and improve SAWS operations. The mission of Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal Audit, in carrying out its duties and responsibilities, will help SAWS accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control mechanisms, operational, and governance processes.

Scope
The scope of work of Internal Audit is to determine whether the SAWS network of risk management, internal control mechanisms, operational and governance processes, as designed and represented by SAWS internal management, are adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employee’s actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, adequately protected, and properly accounted for.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the SAWS control processes.
- Significant regulatory issues impacting SAWS are recognized and addressed properly.

Opportunities for improving management control, financial stability, and SAWS image may be identified during audits. They will be communicated to the appropriate level of SAWS internal management and the Audit Committee.
Accountability
The SAWS Chief of Internal Audit, in the discharge of his/her duties, shall be accountable to the Board through the Audit Committee to:

- Provide assessments on the adequacy and effectiveness of the SAWS processes for controlling its activities and managing its risks.
- Report significant issues related to the processes for controlling the activities of SAWS, including potential improvements to those processes and provide information concerning such issues through resolution.
- Provide information periodically on the status and results of the annual audit plan and the sufficiency of Internal Audit resources.
- Coordinate with other SAWS control and monitoring functions, including risk management, institutional compliance, security, legal, ethics, environmental, and external audits.
- The Chief of Internal Audit is authorized to notify the District Attorney of any potential criminal audit findings after the Audit Committee, the SAWS President/CEO and General Counsel have been notified about such pending action.
- Report on other significant issues that materialize outside of planned internal audit initiatives.

Independence
To provide for the independence of the Internal Audit function, all Internal Audit staff must be free of all operational and management responsibilities that would impair their ability to review independently all aspects of SAWS. Internal Audit staff report to the Chief of Internal Audit, who reports administratively to the President/CEO and functionally to the Board through the Audit Committee. As used in this Charter, administrative reporting is all reporting other than the Functional Reporting (Developing Internal Audit Plan; Conducting Internal Audits, Consulting and Advisory Services; and Reporting Results to the Board of Trustees through the Audit Committee), including, but not limited to, budget management, procurement coordination, organizational policy development, staffing and personnel administration.

- The Chief of Internal Audit’s reports to the Audit Committee will annually include confirmation of the organizational independence of the Internal Audit activity.
- The Audit Committee shall review the appointment, replacement, reassignment, or dismissal of the Chief of Internal Audit and forward recommendations to the Board for approval.
- The Audit Committee shall review and evaluate with the President/CEO the performance and compensation of the Chief of Internal Audit.
- The Audit Committee shall review Internal Audit’s annual budget, as prepared by the Chief of Internal Audit and the Chief Financial Officer, and render recommendations, if any to the Chief of Internal Audit and the Chief Financial Officer. Approval of Internal Audit’s budget will occur in conjunction with the approval of the overall SAWS budget by the Board.
Responsibility

The Chief of Internal Audit (working in conjunction with the Internal Audit staff) has responsibility to:

- Develop an internal risk assessment and flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by the Board, SAWS internal management or external auditors, and submit that Internal Audit risk assessment and annual audit plan to the Audit Committee for its review and Board approval.
- Implement the approved annual audit plan, including, as appropriate, any special projects requested by SAWS internal management, the Audit Committee, and/or the Board.
- Maintain a professional Internal Audit staff with sufficient knowledge, skills, experience, competencies and professional certifications and/or designations to perform their individual responsibilities and meet the requirements of this Charter.
- Obtain the appropriate continuing professional development/education necessary to (i) maintain and enhance auditing knowledge, skills and other competencies; (ii) obtain and/or maintain all necessary professional certifications and/or designations; and (iii) stay abreast of professional standards.
- Establish a quality assurance and improvement program to ensure that appropriate quality controls are in place and that all aspects of the internal audit activity are conducted in accordance with accepted internal auditing standards.
- Undergo an external quality assessment at least once every five years by a qualified, independent reviewer or review team from outside SAWS.
- Communicate the results of the quality assurance and improvement program to SAWS internal management and the Audit Committee.
- Undergo an internal assessment of the performance of Internal Audit activity including periodic reviews performed through self-assessment or by other persons within SAWS with sufficient knowledge of Internal Audit practices.
- Perform consulting and advisory services as appropriate that will not impair auditor independence.
- Evaluate and assess significant new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Communicate the results of internal audits and/or projects promptly to the appropriate individuals in SAWS internal management and the Audit Committee summarizing the results of audit activity.
- Inform the Audit Committee of emerging trends and successful practices in internal auditing.
- Inform the Audit Committee of regulatory pronouncements and issues affecting internal audit.
- Serve as a member of the SAWS Ethics Steering Committee
- Assist in the investigation of significant suspected fraudulent activities, with SAWS as directed by the Board, and notify SAWS internal management and the Audit Committee of the results.
- Consider the scope of work of the external auditors, as appropriate, for the purpose of providing optimal audit coverage to SAWS at a reasonable overall cost.
- Assist the Audit Committee, as appropriate, in complying with provisions stipulated in its Charter.
• Review and assess annually the adequacy of the Internal Audit Charter, presenting to SAWS internal management and the Audit Committee requesting Board approval for any proposed changes

Authority
The Chief of Internal Audit is authorized to implement a comprehensive internal audit program of SAWS various divisions, departments, functions, programs and activities within the means available and resources allocated to Internal Audit.

The Chief of Internal Audit has direct and unrestricted access to all of SAWS including its internal management, the Audit Committee and the Board.

The Chief of Internal Audit and Internal Audit staff will exercise discretion in the review of records to ensure necessary confidentiality of all matters that come to their attention. This confidentiality requirement extends to former Internal Audit staff who have transferred to other positions within SAWS or have left SAWS.

The Chief of Internal Audit and Internal Audit Staff are authorized to:

• Have unrestricted access to all functions, activities, records, property, information systems, and personnel.
• Have full and free access to the Audit Committee.
• Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
• Obtain the necessary assistance of personnel in units of SAWS where they perform audits, as well as other specialized services from within or outside SAWS.
• Brief the Audit Committee periodically on internal and external audit matters.

The Chief of Internal Audit and Internal Audit Staff are not authorized to:

• Perform any operational duties for SAWS.
• Initiate or approve accounting transactions external to Internal Audit’s operations.
• Direct the activities of any SAWS employee not employed by Internal Audit, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.
• Engage in any activities that Internal Audit would normally be expected to review or appraise, such as writing policies and procedures for SAWS use.

Standards of Audit Practice
Internal Audit will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors’ International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing a. The Chief of Internal Auditor will report periodically to senior management and the Audit Committee regarding the department’s conformance to the Code of Ethics and the Standards.
Stacey Isenberg  
Chief of Internal Audit  
San Antonio Water System

Robert R. Puente  
President/Chief Executive Officer  
San Antonio Water System

Patricia E. Merritt  
Chair, Audit Committee  
San Antonio Water System Board of Trustees

Berto Guerro, Jr., Chairman  
San Antonio Water System Board of Trustees
EXHIBIT B
SAN ANTONIO WATER SYSTEM
INTERNAL AUDIT CHARTER

Introduction
The Board of Trustees of the San Antonio Water System ("Board") is committed to serving our communities with sustainable, affordable water services by assuring a strong internal control framework is in place. To assist in achieving that objective, the Board of Trustees hereby affirms full support for a viable Internal Auditing program.

Purpose and Mission
The mission of the San Antonio Water System ("SAWS") Internal Audit Department ("Internal Audit") is to provide independent, and objective assurance and consulting services designed to add value and improve SAWS operations. The mission of Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal Audit, in carrying out its duties and responsibilities, will help SAWS accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control mechanisms, operational, and governance processes.

Purpose
The purpose of Internal Audit is to assist the Audit Committee of the Board ("Audit Committee") and SAWS internal management to achieve the SAWS goals and objectives by providing analyses, evaluations, recommendations, counsel, and information concerning the audited activities and by promoting effective accountability.

Scope
The scope of work of Internal Audit is to determine whether the SAWS network of risk management, internal control mechanisms, operational and governance processes, as designed and represented by SAWS internal management, are adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employee’s actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, adequately protected, and properly accounted for.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the SAWS control processes.
• Significant regulatory issues impacting SAWS are recognized and addressed properly.

Opportunities for improving management control, financial stability, and SAWS image may be identified during audits. They will be communicated to the appropriate level of SAWS internal management and the Audit Committee.

Accountability
The SAWS Chief of Internal Audit, in the discharge of his/her duties, shall be accountable to the Board through the Audit Committee to:

• Provide assessments on the adequacy and effectiveness of the SAWS processes for controlling its activities and managing its risks.
• Report significant issues related to the processes for controlling the activities of SAWS, including potential improvements to those processes and provide information concerning such issues through resolution.
• Provide information periodically on the status and results of the annual audit plan and the sufficiency of Internal Audit resources.
• Coordinate with other SAWS control and monitoring functions, including risk management, institutional compliance, security, legal, ethics, environmental, and external audits.
• The Chief of Internal Audit is authorized to notify the District Attorney of any potential criminal audit findings after the Audit Committee, the SAWS President/CEO and General Counsel have been notified about such pending action.
• Report on other significant issues that materialize outside of planned internal audit initiatives.

Independence
To provide for the independence of the Internal Audit function, all Internal Audit staff must be free of all operational and management responsibilities that would impair their ability to review independently all aspects of SAWS. Internal Audit staff report to the Chief of Internal Audit, who reports administratively to the President/CEO and functionally to the Board through the Audit Committee. As used in this Charter, administrative reporting is all reporting other than the Functional Reporting (Developing Internal Audit Plan; Conducting Internal Audits, Consulting and Advisory Services; and Reporting Results to the Board of Trustees through the Audit Committee), including, but not limited to, budget management, procurement coordination, organizational policy development, staffing and personnel administration.

• The Chief of Internal Audit’s reports to the Audit Committee will annually include confirmation of the organizational independence of the Internal Audit activity.
• The Audit Committee shall review the appointment, replacement, reassignment, or dismissal of the Chief of Internal Audit and forward recommendations to the Board for approval.
• The Audit Committee shall review and evaluate with the President/CEO the performance and compensation of the Chief of Internal Audit.
• The Audit Committee shall review Internal Audit’s annual budget, as prepared by the Chief of Internal Audit and the Chief Financial Officer, and render recommendations, if any to the Chief of Internal Audit and the Chief Financial Officer. Approval of Internal Audit’s budget will occur in conjunction with the approval of the overall SAWS budget by the Board.
Responsibility
The Chief of Internal Audit (working in conjunction with the Internal Audit staff) has responsibility to:

- Develop an internal risk assessment and flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by the Board, SAWS internal management or external auditors, and submit that Internal Audit risk assessment and annual audit plan to the Audit Committee for its review and Board approval.
- Implement the approved annual audit plan, including, as appropriate, any special projects requested by SAWS internal management, the Audit Committee, and/or the Board.
- Maintain a professional Internal Audit staff with sufficient knowledge, skills, experience, competencies and professional certifications and/or designations to perform their individual responsibilities and meet the requirements of this Charter.
- Obtain the appropriate continuing professional development/education necessary to (i) maintain and enhance auditing knowledge, skills and other competencies; (ii) obtain and/or maintain all necessary professional certifications and/or designations; and (iii) stay abreast of professional standards.
- Establish a quality assurance and improvement program to ensure that appropriate quality controls are in place and that all aspects of the internal audit activity are conducted in accordance with accepted internal auditing standards.
- Undergo an external quality assessment at least once every five years by a qualified, independent reviewer or review team from outside SAWS.
- Communicate the results of the quality assurance and improvement program to SAWS internal management and the Audit Committee.
- Undergo an internal assessment of the performance of Internal Audit activity including periodic reviews performed through self-assessment or by other persons within SAWS with sufficient knowledge of Internal Audit practices.
- Perform consulting and advisory services as appropriate that will not impair auditor independence.
- Evaluate and assess significant new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Communicate the results of internal audits and/or projects promptly to the appropriate individuals in SAWS internal management and the Audit Committee summarizing the results of audit activity.
- Inform the Audit Committee of emerging trends and successful practices in internal auditing.
- Inform the Audit Committee of regulatory pronouncements and issues affecting internal audit.
- Serve as a member of the SAWS Ethics Steering Committee
- Assist in the investigation of significant suspected fraudulent activities, with SAWS as directed by the Board, and notify SAWS internal management and the Audit Committee of the results.
- Consider the scope of work of the external auditors, as appropriate, for the purpose of providing optimal audit coverage to SAWS at a reasonable overall cost.
- Assist the Audit Committee, as appropriate, in complying with provisions stipulated in its Charter.
• Review and assess annually the adequacy of the Internal Audit Charter, presenting to SAWS internal management and the Audit Committee requesting Board approval for any proposed changes

Authority
The Chief of Internal Audit is authorized to implement a comprehensive internal audit program of SAWS various divisions, departments, functions, programs and activities within the means available and resources allocated to Internal Audit.

The Chief of Internal Audit has direct and unrestricted access to all of SAWS including its internal management, the Audit Committee and the Board.

The Chief of Internal Audit and Internal Audit staff will exercise discretion in the review of records to ensure necessary confidentiality of all matters that come to their attention. This confidentiality requirement extends to former Internal Audit staff who have transferred to other positions within SAWS or have left SAWS.

The Chief of Internal Audit and Internal Audit Staff are authorized to:

• Have unrestricted access to all functions, activities, records, property, information systems, and personnel.
• Have full and free access to the Audit Committee.
• Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
• Obtain the necessary assistance of personnel in units of SAWS where they perform audits, as well as other specialized services from within or outside SAWS.
• Brief the Audit Committee periodically on internal and external audit matters.

The Chief of Internal Audit and Internal Audit Staff are not authorized to:

• Perform any operational duties for SAWS.
• Initiate or approve accounting transactions external to Internal Audit’s operations.
• Direct the activities of any SAWS employee not employed by Internal Audit, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.
• Engage in any activities that Internal Audit would normally be expected to review or appraise, such as writing policies and procedures for SAWS use.

Standards of Audit Practice
Internal Audit will govern itself by adherence to the mandatory elements of the Institute of Internal Auditors’ follow the International Professional Practices Framework, including the Institute of Internal Auditors (IIA) that includes the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing as mandatory guidance. The Chief of Internal Audit will report periodically to senior management and the Audit Committee regarding the department’s conformance to the Code of Ethics and the Standards.
Stacey Isenberg  
Chief of Internal Audit  
San Antonio Water System

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Robert R. Puente  
President/Chief Executive Officer  
San Antonio Water System

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Patricia E. Merritt  
Chair, Audit Committee  
San Antonio Water System Board of Trustees

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Berto Guerro, Jr., Chairman  
San Antonio Water System Board of Trustees
TO: San Antonio Water System Board of Trustees

FROM: Darren Thompson, Director, Water Resources, and Donovan Burton, Vice President, Water Resources and Governmental Relations

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPOINTING NEW MEMBERS TO THE CITIZENS ADVISORY PANEL FOR A TWO-YEAR TERM EXPIRING DECEMBER 31, 2019, REAPPOINTING RETURNING MEMBERS FOR A TERM EXPIRING DECEMBER 31, 2019, AND APPOINTING THE CHAIRWOMAN TO THE CITIZENS ADVISORY PANEL FOR A ONE-YEAR TERM EXPIRING DECEMBER 31, 2018

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution appoints members for a two-year term and appoints a Chairwoman for a one-year term to the Citizens Advisory Panel (CAP) beginning 2018. The CAP provides input to the Board regarding water resource policies, plans, and projects.

- The CAP was created by Resolution No. 98-141 on June 16, 1998, which established the charge for the committee and appointed its initial members. Bylaws created by the CAP and approved by the Board through Resolution No. 07-382 on November 6, 2007 and amended by the Board through Resolution No. 10-113 on March 2, 2010, govern membership goals and CAP structure. Article II, Section 7 of the bylaws describes the procedures to fill vacancies.

- The CAP is charged with supporting the development of long-term water resource plans and periodic updates to those plans, and providing feedback to staff as to how well the proposed policies, plans, and projects respond to citizen concerns.

- CAP members are selected to be a representative of the community, in terms of expertise, geography, and interests. Criteria for selection include interest and knowledge of water resource issues, commitment to a consensus-building approach to solving water resource issues, willingness to participate in meetings, and absence of any conflict of interest among other items.

- The Chairwoman will assist the membership with developing goals and critical milestones for the year, conduct monthly meetings, and work with Water Resources Department staff to review water resource policies, plans, and projects.

- The CAP will hold 10 general membership meetings per calendar year and the meetings shall be held on the third Tuesday of each month.
Appointing New Members and a Chairwoman to the Citizens Advisory Panel

- Staff recommends the appointment of new CAP members to include Carolyn Beverly, Steven Dean, Melinda Lechuga, Anita Ledbetter, Matthew Scott, Erica Solis, and Robert Werner for a two-year term to commence 2018.

- Staff recommends the reappointment of Gloria S. Martinez, Eddie Meza, Javier Garcia, and Denise Ojeda for a two-year term to commence 2018.

- Staff recommends the appointment of Marcy Andrade as Chairwoman of the CAP for a one-year term commencing 2018. Marcy Andrade has served on the CAP since 2013 serving as Chair in 2017 and Vice Chair in 2015 and 2016.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

There is no financial impact associated with this resolution.

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Darren Thompson
Director
Water Resources

Donovan Burton
Vice President
Water Resources and Governmental Relations

APPROVED:

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPOINTING NEW MEMBERS TO THE CITIZENS ADVISORY PANEL FOR A TWO-YEAR TERM EXPIRING DECEMBER 31, 2019, REAPPOINTING RETURNING MEMBERS FOR A TERM EXPIRING DECEMBER 31, 2019, AND APPOINTING THE CHAIRWOMAN TO THE CITIZENS ADVISORY PANEL FOR A ONE-YEAR TERM EXPIRING DECEMBER 31, 2018; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (the “System”) Board of Trustees (the “Board”) is committed to community involvement in major water resource policies, plans, and projects; and

WHEREAS, in order to achieve this goal, the System created the Citizens Advisory Panel (the “CAP”) on June 16, 1998, by Resolution No. 98-141; and

WHEREAS, the purpose of the CAP is to involve the community in water resource policies; and

WHEREAS, the System’s Board desires to appoint new members of the CAP for a term of two years, reappoint returning members for a term of two years, and a Chairwoman for the calendar year 2018; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to appoint Carolyn Beverly, Steven Dean, Melinda Lechuga, Anita Ledbetter, Matthew Scott, Erica Solis, and Robert Werner as new members, identified in Attachment I attached to this resolution, to the Citizens Advisory Panel for a two-year term expiring December 31, 2019, (ii) to reappoint Gloria S. Martinez, Eddie Meza, Javier Garcia, and Denise Ojeda as returning members, as identified in Attachment I attached to this resolution, for a two-year term expiring December 31, 2019, and (iii) to appoint Marcy Andrade as Chairwoman of the Citizens Advisory Panel for a one-year term expiring December 31, 2018; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That Carolyn Beverly, Steven Dean, Melinda Lechuga, Anita Ledbetter, Matthew Scott, Erica Solis, and Robert Werner identified on Attachment I hereto, are hereby appointed to serve for a two-year term on the CAP expiring December 31, 2019.
2. That Gloria S. Martinez, Eddie Meza, Javier Garcia, and Denise Ojeda as returning CAP members identified on Attachment I hereto, are hereby reappointed to serve a two-year term expiring December 31, 2019.

3. That the Board hereby appoints Marcy Andrade as the Chairwoman of the 2018 CAP for a one-year term expiring December 31, 2018.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.

6. This resolution takes effect immediately upon its passage.

PASSED AND APPROVED this 9th day of January, 2018.

______________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Ernesto Arrellano, Jr., Secretary

Attachment:
1. Citizens Advisory Panel Member Terms - 2018
<table>
<thead>
<tr>
<th>Name</th>
<th>Represents</th>
<th>First Appointed</th>
<th>Current Term</th>
<th>First Term</th>
<th>Second Term</th>
<th>Final Term</th>
</tr>
</thead>
</table>
TO: San Antonio Water System Board of Trustees

FROM: Karen L. Guz, Director, Conservation, and Gavino Ramos, Vice President, Communications and External Relations

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPOINTING NEW MEMBERS TO THE COMMUNITY CONSERVATION COMMITTEE FOR A TWO-YEAR TERM EXPIRING DECEMBER 31, 2019, REAPPOINTING RETURNING MEMBERS FOR A TERM EXPIRING DECEMBER 31, 2019, AND APPOINTING THE CHAIRMAN TO THE COMMUNITY CONSERVATION COMMITTEE FOR A ONE-YEAR TERM EXPIRING DECEMBER 31, 2018

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution appoints members for a two-year term and appoints a Chairman for a one-year term to the Community Conservation Committee (CCC) beginning 2018. The CCC provides input to the Board regarding water conservation policies, plans, and projects.

- The CCC was created by Resolution No. 97-031 on February 4, 1997, which established the charge for the committee and appointed its initial members. Bylaws created by the CCC and approved by the Board through Resolution No. 07-381 on November 6, 2007, govern membership goals and CCC structure. Article 2 of the bylaws describes the procedures to fill vacancies.

- The purpose of the CCC is to involve the community in water conservation. The CCC serves as a forum for the community to share ideas with San Antonio Water System concerning water conservation. The CCC endeavors to keep the community informed concerning the need to conserve water and it provides support and resources for implementing community-based water conservation programs.

- CCC members are selected to be a representative of the community, in terms of expertise, geography, and interests. Criteria for selection include interest/knowledge of water conservation issues, commitment to a consensus-building approach to solving water conservation issues, willingness to participate in meetings, and absence of any conflict of interest, among other items.

- The Chairman will assist the membership with developing goals and critical milestones for the year, conduct monthly meetings, and work with Water Conservation Department staff to review water conservation policies, plans, and projects.
Appointing New Members and a Chairman to the Community Conservation Committee

- The CCC will hold ten general membership meetings per calendar year, and the meetings shall be held on the second Wednesday of each month.

- Staff recommends the appointment of new CCC members to include Ernest Vara, Rebecca Salazar, and Nathan King for a two-year term to commence 2018.

- Staff recommends the reappointment of Diane Lang, Scott Kertesz, Lester Bryant, and Alejandro Soto for a two-year term to commence 2018.

- Staff recommends the appointment of Laurie Casias as the 2018 CCC Chairman for a one-year term.

Staff recommends that the Board approve this resolution.

FINANCIAL IMPACT:

There is no financial impact associated with this resolution.

Karen L. Guz
Director
Conservation

Gavino Ramos
Vice President
Communications and External Relations

APPROVED:

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPOINTING NEW MEMBERS TO THE COMMUNITY CONSERVATION COMMITTEE FOR A TWO-YEAR TERM EXPIRING DECEMBER 31, 2019, REAPPOINTING RETURNING MEMBERS FOR A TERM EXPIRING DECEMBER 31, 2019, AND APPOINTING THE CHAIRMAN TO THE COMMUNITY CONSERVATION COMMITTEE FOR A ONE-YEAR TERM EXPIRING DECEMBER 31, 2018; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, it is the goal of San Antonio Water System (the "System") to ensure that the community is informed of the importance and need to conserve water and to provide support and resources for implementing water savings programs; and

WHEREAS, in order to achieve this goal, the System created the Community Conservation Committee (the "CCC") on February 4, 1997, by Resolution No. 97-031; and

WHEREAS, the purpose of the CCC is to involve the community in water conservation; and

WHEREAS, the CCC is composed of residential, commercial, industrial, and institutional water users who assist in the development and/or modification of effective conservation programs, is responsible for the review of the proposed annual conservation budget, and provides conservation program and policy recommendations to the System’s Board of Trustees; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to appoint Ernest Vara, Rebecca Salazar, and Nathan King as new members, identified in Attachment I attached to this resolution, to the Community Conservation Committee for a two-year term expiring December 31, 2019, (ii) to reappoint Diane Lang, Scott Kertesz, Lester Bryant, and Alejandro Soto as returning members, identified in Attachment I attached to this resolution, for a two-year term expiring December 31, 2019, and (iii) to appoint Laurie Casias as Chairman of the Community Conservation Committee for a one-year term expiring December 31, 2018; now, therefore;
BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD
OF TRUSTEES:

1. That Ernest Vara, Rebecca Salazar, and Nathan King Werner identified on Attachment I hereto, are hereby appointed to serve for a two-year term on the CCC expiring December 31, 2019.

2. That Diane Lang, Scott Kertesz, Lester Bryant, and Alejandro Soto as returning CCC members identified on Attachment I hereto, are hereby reappointed to serve for a two-year term expiring December 31, 2019.

3. That the Board hereby appoints Laurie Casias as Chairman of the 2018 CCC for a one-year term expiring December 31, 2018.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.

6. This resolution takes effect immediately upon its passage.

PASSED AND APPROVED this 9th day of January 2018.

_______________________________
Berto Guerra, Jr., Chairman

ATTEST:

_______________________________
Ernesto Arrellano, Jr., Secretary

Attachment:
1. Community Conservation Committee Membership Terms - 2018
<table>
<thead>
<tr>
<th>Name</th>
<th>Represents</th>
<th>First Appointed</th>
<th>Current Term</th>
<th>First Term</th>
<th>Second Term</th>
<th>Final Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Afamia Elnakat</td>
<td>Associate Professor UTSA / Noctuam</td>
<td>2013</td>
<td>2017-2018</td>
<td>2013-2014</td>
<td>2015-2016</td>
<td>2017-2018</td>
</tr>
</tbody>
</table>
TO: San Antonio Water System Board of Trustees  
FROM: Tracey B. Lehmann, P.E., Interim-Director, Development, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction  
THROUGH: Robert R. Puente, President/Chief Executive Officer  
SUBJECT: UTILITY SERVICE AGREEMENT FOR WATER AND/OR WASTEWATER SERVICES TO TRACTS REQUIRING THE SAN ANTONIO WATER SYSTEM FINANCIAL PARTICIPATION IN THE DEVELOPMENT OF INFRASTRUCTURE THROUGH Oversizing or impact fee credits AND/OR ARE LOCATED OUTSIDE THE SAN ANTONIO WATER SYSTEM WATER AND/OR WASTEWATER CERTIFICATE OF CONVENIENCE AND NECESSITY  

Board Action Date: January 9, 2018  

SUMMARY AND RECOMMENDATION:  
The attached resolution approves Utility Service Agreements (USA) to provide water and/or wastewater services to the specified tracts of land requiring San Antonio Water System’s (the “System”) financial participation in the development of infrastructure through oversizing or impact fee credits, and/or are located outside the System’s water and/or wastewater Certificate of Convenience and Necessity (CCN).  

- This board item consists of two tracts, which total 142.34 acres; 500 water Equivalent Dwelling Units (EDUs); and 501 wastewater water EDUs.  
- Board approval is required since the tracts require the System’s financial participation in the development of infrastructure through oversizing or impact fee credits and/or is located outside the System’s water and/or wastewater CCN.  
- The Fischer (revised) Tract is located within the City of San Antonio Extra Territorial Jurisdiction, inside the System’s water CCN and inside the wastewater CCN. The USA provides 500 EDUs of water and 500 EDUs of wastewater services and consists of oversized infrastructure.  
- The Hultz Office Building Tract is located within the City of San Antonio Extra Territorial Jurisdiction, inside the System’s water CCN and outside the wastewater CCN. The USA provides zero EDUs of water and one EDU of wastewater services.  
- The Developer is required to install all necessary on-site facilities in accordance with the Board’s regulations and at the Developer’s total cost.
Utility Service Agreement to the Specified Tract Requiring Oversizing And/or Outside the System’s Water and/or Wastewater CCN

- The Developer is responsible for the construction and engineering costs associated with all required water and/or wastewater mains to serve the tract (on-site and off-site).

Staff recommends that the Board approve this resolution.

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Developer</th>
<th>Acres</th>
<th>W EDUs</th>
<th>WW EDUs</th>
<th>CoSA / CoSA ETJ / Outside</th>
<th>EARZ / CZ</th>
<th>Board Reason</th>
<th>W CCN</th>
<th>WW CCN</th>
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<tbody>
<tr>
<td>1</td>
<td>Fischer Tract (revised)</td>
<td>KB HOME Lone Star Inc., a Texas corporation</td>
<td>141.23</td>
<td>500</td>
<td>500</td>
<td>COSA ETJ</td>
<td>INSIDE</td>
<td>MOD</td>
<td>INSIDE</td>
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<tr>
<td>2</td>
<td>Hultz Office Building Tract</td>
<td>Kyle Hultz</td>
<td>1.106</td>
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<td>1</td>
<td>COSA ETJ</td>
<td>INSIDE</td>
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<td>142.34</td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EARZ = Edwards Aquifer Recharge Zone  OVR = Oversizing  CCN = Certificate of Convenience and Necessity
CZ = Edwards Aquifer Contributing Zone  WW = Wastewater  IFC = Impact Fee Credits
CoSA = City of San Antonio limits  ETJ = Extraterritorial Jurisdiction  MOD = Modification

EXTENT AND CONDITIONS OF UTILITY SERVICE AGREEMENT:

Upon approval by the System of this USA, the Developer Customers have 36 months to complete the required utility master plan and to start construction. If a Developer Customer fails to complete these requirements within the 36-month period, the USA will expire and a request for a new agreement must be submitted to the System. During the effective term of this USA, capacity in the System’s water and wastewater systems will be set aside. The Developer Customers are not guaranteed capacity until all required off-site infrastructure is built by the Developer, accepted by the System, and all impact fees are paid.

FINANCIAL IMPACT:

In compliance with the System’s Board of Trustees water extension policy, Developer Customer applicants are responsible for financing all required local benefit facilities and for payment of all applicable impact fees. The Developers will contribute all impact fees in effect at the time of plat recordation or the latest date allowable by law for each subdivision unit. The fees to be collected by the System will be recorded in the Service Recovery Account and are estimated as follows, based on current charges and full build out of the tracts:
Utility Service Agreement to the Specified Tract Requiring Oversizing And/or Outside the System’s Water and/or Wastewater CCN

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Water Impact Fees</th>
<th>Wastewater Impact Fees</th>
<th>Total Impact Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fischer Tract (revised)</td>
<td>$2,388,500</td>
<td>$1,653,000</td>
<td>$4,041,500</td>
</tr>
<tr>
<td>2</td>
<td>Hultz Office Building Tract</td>
<td>$0</td>
<td>$3,306</td>
<td>$3,306</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$2,388,500</strong></td>
<td><strong>$1,656,306</strong></td>
<td><strong>$4,044,806</strong></td>
</tr>
</tbody>
</table>

The System is responsible for providing access to existing general benefit facilities and/or financing the construction of additional general benefit facilities.

**OVERSIZING AND/OR IMPACT FEE CREDITS:**

The following USAs have recommendations for the System’s financial participation in the development of infrastructure through oversizing or impact fee credits and/or facilities based on the System’s Master Plan.

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Oversize SAWs</th>
<th>Oversize Developer</th>
<th>Oversize Total</th>
<th>Oversize Developer (%)</th>
<th>Oversize System (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fischer Tract (revised)</td>
<td>$4,045,200</td>
<td>$255,000</td>
<td>$4,300,200*</td>
<td>5.93%</td>
<td>94.07%</td>
</tr>
<tr>
<td>1</td>
<td>Fischer Tract (revised)</td>
<td>$1,427,400</td>
<td>$475,800</td>
<td>$1,903,200*</td>
<td>25.00%</td>
<td>75.00%</td>
</tr>
<tr>
<td>1</td>
<td>Fischer Tract (revised)</td>
<td>$2,489,760</td>
<td>$474,240</td>
<td>$2,964,000*</td>
<td>16.00%</td>
<td>84.00%</td>
</tr>
<tr>
<td>1</td>
<td>Fischer Tract (revised)</td>
<td>$85,800</td>
<td>$195,000</td>
<td>$280,800*</td>
<td>69.44%</td>
<td>30.56%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$8,048,160</strong></td>
<td><strong>$1,400,040</strong></td>
<td><strong>$9,448,200</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note: The Developer is eligible for impact fee credits for their share of the cost for the water and wastewater infrastructure for the Fischer Tract (revised).

The Developer is required to install all other necessary on-site facilities in accordance with the Board’s regulations at the Developer’s total cost.

Signature: [Tracey B. Lehmann, P.E.] [Andrea L.H. Beymer, P.E.]
Interim-Director Vice President
Development Engineering and Construction
Utility Service Agreement to the Specified Tract Requiring Oversizing And/or Outside the System’s Water and/or Wastewater CCN

APPROVED:

[Signature]

Robert R. Puente
President/Chief Executive Officer

Attachments:
1. Table 1, Tract Information
### Table 1
Tract Information

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Developer</th>
<th>Principal</th>
<th>CoSA / CoSA ETJ / Outside</th>
<th>EARZ / CZ</th>
<th>PZ</th>
<th>Acres</th>
<th>Water EDU</th>
<th>WW EDU</th>
<th>Watershed</th>
<th>Board Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fischer Tract (revised)</td>
<td>KB HOME Lone Star Inc., a Texas corporation</td>
<td>Richard Fischer</td>
<td>COSA ETJ</td>
<td>INSIDE</td>
<td>10</td>
<td>141.23</td>
<td>500</td>
<td>500</td>
<td>Mud Creek</td>
<td>MOD</td>
</tr>
<tr>
<td>2</td>
<td>Hultz Office Building Tract</td>
<td>Kyle Hultz</td>
<td>Kyle Hultz</td>
<td>COSA ETJ</td>
<td>INSIDE</td>
<td>N/A</td>
<td>1.106</td>
<td>0</td>
<td>1</td>
<td>Lower Culebra Creek</td>
<td>CCN</td>
</tr>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>142.34</td>
<td>500</td>
<td>501</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Acronyms:**

EARZ = Edwards Aquifer Recharge Zone  
CZ = Edwards Aquifer Contributing Zone  
CoSA = City of San Antonio limits  
ETJ – Extraterritorial Jurisdiction  
WW = Wastewater  
MOD = Modification

OVR = Oversizing  
IFC = Impact Fee Credits  
PZ = Pressure Zone
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING A UTILITY SERVICE AGREEMENT TO PROVIDE WATER AND/OR WASTEWATER SERVICES TO THE SPECIFIED TRACTS OF LAND REQUIRING THE SAN ANTONIO WATER SYSTEM'S FINANCIAL PARTICIPATION IN THE DEVELOPMENT OF INFRASTRUCTURE THROUGH Oversizing or Impact Fee Credits AND/OR ARE LOCATED OUTSIDE THE SAN ANTONIO WATER SYSTEM'S WATER AND/OR WASTEWATER CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN), SUBJECT TO THE EXPIRATION OF SUCH AGREEMENTS IF NOT EXERCISED IN THIRTY-SIX MONTHS; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the Developer Customers, specified in the table below, have requested the San Antonio Water System (the "System") to provide water and/or wastewater service(s), and have satisfied the requirements of the Board's Regulations for Developer Customers Applicant; and

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Developer</th>
<th>Acres</th>
<th>W EDUs</th>
<th>WW EDUs</th>
<th>CoSA / CoSA ETJ / Outside</th>
<th>EARZ / CZ</th>
<th>Board Reason</th>
<th>W CCN</th>
<th>WW CCN</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fischer Tract (revised)</td>
<td>KB HOME Lone Star Inc., a Texas corporation</td>
<td>141.23</td>
<td>500</td>
<td>500</td>
<td>CoSA ETJ</td>
<td>INSIDE</td>
<td>MOD</td>
<td>INSIDE</td>
<td>INSIDE</td>
</tr>
<tr>
<td>2</td>
<td>Hultz Office Building Tract</td>
<td>Kyle Hultz</td>
<td>1.106</td>
<td>0</td>
<td>1</td>
<td>CoSA ETJ</td>
<td>INSIDE</td>
<td>CCN</td>
<td>INSIDE</td>
<td>OUTSIDE</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>142.34</td>
<td>500</td>
<td>501</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

WHEREAS, the Developer Customer’s provisions to acquire water and/or wastewater services within the System’s jurisdiction is generally illustrated in the attached Project Site Maps; and

WHEREAS, the Developer Customer is obligated to pay the prescribed fees and to comply with other applicable requirements as set forth in the Regulations for Water and/or Wastewater Service; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the Utility Service Agreement and to provide water and/or wastewater services to tracts of land requiring the System’s financial participation in the development of infrastructure through oversizing or impact fee credits and/or are located outside the System’s water and/or wastewater
Certificate of Convenience and Necessity, and (ii) to provide that the Utility Service Agreement will be honored for a period of thirty-six months, and that if not exercised during this period, the Utility Service Agreements will expire; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the System hereby approves the Utility Service Agreement and agrees to provide water and/or wastewater services to tracts of land requiring the System’s financial participation in the development of infrastructure through oversizing or impact fee credits and/or are located outside the System’s water and/or wastewater Certificate of Convenience and Necessity as generally illustrated in the attached Project Site Maps hereto, on a Developer Customer basis as provided for in the Board's Regulations, applicable amendments to the Regulations, and any other applicable federal, state or local regulations.

2. That the Utility Service Agreement shall be honored for a period of thirty-six months, and if not exercised during this thirty-six-month period, the Utility Service Agreement will expire.

3. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

4. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

5. This resolution shall take effect immediately from and after its passage.

PASSED AND APPROVED this 9th day of January, 2018.

_______________________________________
Berto Guerra, Jr., Chairman

ATTEST:

_______________________________
Ernesto Arrellano, Jr., Secretary

Attachments:
1. Project Site Maps
Tract is Located:
- Over the Edward Aquifer Recharge Zone

Phase I
Connect up to 175 EDUs to Proposed 12-inch Main traversing the Tract

Fischer Tract (revised)
500 Water EDUs
500 Sewer EDUs
141.23 Acres
USA-18073
Tract is Located:
- Over the Edward Aquifer Recharge Zone

Fischer Tract (revised)
500 Water EDUs
500 Sewer EDUs
141.23 Acres
USA-18073

Approximately 7,600 LF of oversized 30-inch main

Approximately 6,100 LF of oversized 24-inch main

Legend
- Existing Water Main
- USA Tract
- Parcels Update
- Proposed Water Main
- Oversized 24-inch
- Oversized to 30-inch
- Green Mountain pump station

San Antonio Water System

Project Location
Tract is Located:
- Over the Edwards Aquifer Recharge Zone

Fischer Tract (revised)
500 Water EDUs
500 Sewer EDUs
141.23 Acres
USA-18073

Proposed 8-inch gravity sewer main

Proposed Lift Station

Approximately 1,200 LF of 18-inch oversized sewer main

Legend
- Existing Force Main
- Existing Sewer Main
- USA Tract
- Parcels Update
- ▲ Proposed Liftstation
- Blue Proposed Sewer Main
- Red Oversized to 18"
- ▼ Existing Lift Station

Project Location

Attachement III:
USA-18073
"Fischer Tract" Tract
Proposed Sewer Infrastructure Map
141.23 Acres
Tract is located within:
-The Edwards Aquifer Contributing Zone
AGENDA ITEM NO. 28

TO: San Antonio Water System Board of Trustees

FROM: Tracey B. Lehmann, P.E., Interim-Director, Development, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF CONSTRUCTION CONTRACT AND APPROVAL OF EXPENDITURES IN CONNECTION WITH THE EVANS ROAD 24-INCH WATER MAIN EXTENSION PROJECT

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract in the amount of $3,755,970.80 to Qro Mex Construction Co., Inc., a local, MBE-Hispanic contractor, on a Developer Customer construction contract, and authorizes the expenditures of funds in the amount of $2,887,650.80 for associated construction fees to Qro Mex Construction Co., Inc., and reimbursements of $288,765.08 for associated design fees to KB Homes Lone Star, Inc. in connection with the Evans Road 24-Inch Water Main Extension Project.

- On May 3, 2016, by Resolution No. 16-132, the San Antonio Water System (the “System”) Board of Trustees approved a Utility Service Agreement (USA) to provide water and/or wastewater services to a tract of land known as the Fischer Tract, a 141.23-acre tract, being developed by KB Homes Lone Star, Inc., (“Developer”), and the oversizing of approximately 14,473 feet of 12-inch water main to 24-inch water main, located along the intersection of Evans Road and Green Mountain Road, in order to conform with the Water Infrastructure Master Plan.

- The Fischer Tract Utility Service Agreement, approved by Resolution No. 16-132, will be replaced through Board action to include the change in oversizing of approximately 6,129 feet of 12-inch water main from 24-inch to 30-inch water main, located along the intersection of Evans Road and Green Mountain Road, in order to conform with the Water Infrastructure Master Plan.

- The Developer is required to construct a 12-inch water main. System staff recommends oversizing approximately 8,343 feet of 12-inch water main to a 24-inch water main. The Developer is responsible for 27.88 percent of the oversizing of the 12-inch water main to a 24-inch water main; the Developer is responsible for an estimated $500,580.00 of the project costs. The System is responsible for 72.12 percent of the oversizing of the 12-inch water main to a 24-inch water main for an estimated $1,295,080.67.
The Developer is required to construct a 12-inch water main. System staff recommends oversizing approximately 6,129 feet of 12-inch water main to a 30-inch water main. The Developer is responsible for 18.76 percent of the oversizing of the 12-inch water main to a 30-inch water main; the Developer is responsible for an estimated $367,740.00 of the project costs. The System is responsible for 81.24 percent of the oversizing of the 12-inch water main to a 30-inch water main for an estimated $1,592,570.13.

The System solicited bids for the construction of the oversize water main. Upon Board authorization of the construction contract, the Developer will enter into a contract with both the contractor and the System.

This project consists of the oversize construction of approximately 8,343 feet of 24-inch water main and approximately 6,129 feet of 30-inch water main. The Evans Road 24-Inch Water Main Extension Project is located over the Edwards Aquifer Recharge or Contributing Zone. The Evans Road 24-Inch Water Main Extension Project is inside the City of San Antonio limits, and inside the System’s water and wastewater CCN.

Qro Mex Construction Co., Inc., a local, MBE-Hispanic contractor, has submitted the low bid of $3,755,970.80 for construction of the project.

The System will pay Qro Mex Construction Co., Inc., monthly, for the construction costs for the oversize project. The Developer will pay the System prior to the beginning construction for the Developer’s proportionate share of the construction cost for the oversize project.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

This is a Capital Improvement Project that will be funded by the Capital Improvements Plan Water Oversize 2017 Projects Fund, job number 17-1064. The applicable water main oversize payment will be made monthly to Qro Mex Construction Co., Inc., in accordance with the Utility Service Regulations. The applicable design fees payment will be made to the Developer. The System will pay $2,887,650.80 for construction costs and $288,765.08 for associated design fees for a total cost of $3,176,415.88. The Developer will pay $868,320.00 of the construction costs and the remainder of the design fees.

Upon completion of construction, the cost of the project will be recorded as a Developer contribution along with an allowance for reimbursement.
SUPPLEMENTARY COMMENTS:

Bids for this project were opened on December 6, 2017, at 2:00 P.M. The following bids were accepted for submittal:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Bid Amount</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qro Mex Construction Company, Inc.*</td>
<td>$3,755,970.80</td>
<td>Local/MBE–Hispanic</td>
</tr>
<tr>
<td>Harper Brothers Construction, LLC</td>
<td>$4,140,290.90</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>Engineer’s Estimate</td>
<td>$4,702,371.19</td>
<td></td>
</tr>
<tr>
<td>Nelson Lewis, Inc.</td>
<td>$4,703,466.00</td>
<td>Non–Local/Non–SMWVB</td>
</tr>
<tr>
<td>S.J. Louis Construction of Texas, Ltd.</td>
<td>$4,824,345.32</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>SACC, Inc.</td>
<td>$5,103,492.30</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>Western Municipal Construction, Inc.</td>
<td>$5,177,310.00</td>
<td>Non–Local/Non–SMWVB</td>
</tr>
<tr>
<td>Cherokee Utilities, LLC dba Cherokee Contracting</td>
<td>$5,280,752.49</td>
<td>Local/SBE</td>
</tr>
</tbody>
</table>

*Lowest Responsible Bidder

The engineer’s estimated construction cost for this project is $4,702,371.19 and the contractor’s construction cost is $3,755,970.80. The difference is 20.13 percent decrease from the Engineer’s estimated construction cost.

Additionally, the overall SMWVB analysis is shown in the following table:
Tracey B. Lehmann, P.E.
Interim-Director
Development

Andrea L.H. Beymer, P.E.
Vice President
Engineering and Construction

Robert R. Puente
President/Chief Executive Officer

Attachments:
1. Project Area Map
2. Project Site Map
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ACCEPTING THE BID OF QRO MEX CONSTRUCTION COMPANY, INC. IN THE AMOUNT OF $3,755,970.80 FOR THE CONSTRUCTION OF THE WATER MAINS IN CONNECTION WITH EVANS ROAD 24-INCH WATER MAIN EXTENSION PROJECT; AWARDING A CONSTRUCTION CONTRACT TO QRO MEX CONSTRUCTION COMPANY, INC. IN THE AMOUNT OF $3,755,970.80 FOR THE PROJECT WORK; AUTHORIZING THE EXPENDITURE OF SYSTEM FUNDS IN THE AMOUNT OF $2,887,650.80 FOR THE SYSTEM'S PROPORTIONATE SHARE OF THE PROJECT WORK; AUTHORIZING THE EXPENDITURE OF SYSTEM FUNDS IN THE AMOUNT OF $288,765.08 FOR THE SYSTEM'S PROPORTIONATE SHARE OF THE ENGINEERING DESIGN FEES; AUTHORIZING A TOTAL AMOUNT NOT TO EXCEED $3,176,415.88 FROM THE SYSTEM'S CAPITAL IMPROVEMENTS PLAN WATER MAIN OVERSIZE 2017 PROJECTS FUND FOR THE SYSTEM'S PROPORTIONATE SHARE OF THE PROJECT WORK AND ENGINEERING FEES RELATED TO THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONTRACT WITH KB HOMES LONE STAR, INC. AND QRO MEX CONSTRUCTION COMPANY, INC. AND PROVIDE PAYMENT IN AN AMOUNT NOT TO EXCEED $2,887,650.80 TO QRO MEX CONSTRUCTION COMPANY, INC. AND REIMBURSEMENTS OF $288,765.08 TO KB HOMES LONE STAR, INC. FOR THE SYSTEM'S PROPORTIONATE SHARE OF THE COST TO OVERSIZE THE PROPOSED WATER MAINS; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, by Resolution No. 16-132, approved on May 3, 2016, the San Antonio Water System Board of Trustees approved a Utility Service Agreement (USA) to provide water and/or wastewater services to a tract of land known as Fischer Tract, a 141.23-acre tract, being developed by KB Homes Lone Star, Inc. and the oversize of
approximately 14,473 feet of 24-inch water main; and

WHEREAS, the Fischer Tract Utility Service Agreement, approved by Resolution No. 16-132, will be replaced through Board action to include the change in oversizing of approximately 6,129 feet of 12-inch water main from 24-inch to 30-inch water main, located along the intersection of Evans Road and Green Mountain Road, in order to conform with the Water Infrastructure Master Plan; and

WHEREAS, KB Homes Lone Star, Inc. is required to construct an 12-inch water main; and

WHEREAS, the System has elected to oversize a portion of the 12-inch water main to a 24-inch water main, and a portion of the 12-inch water main to a 30-inch water main; and

WHEREAS, the System has publicly solicited bids for the Evans Road 24-Inch Water Main Extension Project (the “project work”); and

WHEREAS, the project work includes the oversize construction of approximately 8,343 feet of 12-inch water main to 24-inch water main; and

WHEREAS, the project work includes the oversize construction of approximately 6,129 feet of 12-inch water main to 30-inch water main; and

WHEREAS, Qro Mex Construction Company, Inc., a local, MBE-Hispanic contractor, submitted the bid of $3,755,970.80 for construction of the project and this bid is determined to be the lowest responsible bid; and

WHEREAS, KB Homes Lone Star, Inc. is responsible for funding their proportionate share of the construction of the project; and

WHEREAS, KB Homes Lone Star, Inc. is responsible for 27.88 percent of the project costs for the 12-inch water main oversized to a 24-inch water main, the System is responsible for 72.12 percent of the project costs for the 12-inch water main oversized to a 24-inch water main; and

WHEREAS, KB Homes Lone Star, Inc. is responsible for 18.76 percent of the project costs for the 12-inch water main oversized to a 30-inch water main, the System is responsible for 81.24 percent of the project costs for the 12-inch water main oversized to a 30-inch water main; and

WHEREAS, the System will pay to Qro Mex Construction Company, Inc., monthly, for the System’s proportionate share of the cost to oversize the water main in accordance with the Board Regulations; and
WHEREAS, the amount of $3,176,415.88 is available in the System’s Capital Improvements Plan Water Oversize 2017 Projects Fund for the System’s proportionate share of the project work costs and engineering fees related to oversizing the water main extension; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to accept the bid of Qro Mex Construction Company, Inc. in the amount of $3,755,970.80 for the project work, in connection with the Evans Road 24-Inch Water Main Extension, (ii) to award a construction contract to Qro Mex Construction Company, Inc. in the amount of $3,755,970.80 for the project work, (iii) to authorize System funds in the amount of $2,887,650.80 for the project work, (iv) to authorize System funds in the amount of $288,765.08 for design fees, (v) to make available a total amount not to exceed $3,176,415.88 from the System’s Capital Improvements Plan Water Oversize 2017 Projects Fund for the System’s proportionate share of the project work and engineering fees related to oversizing the proposed off-site water main, and (vi) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a contract with KB Homes Lone Star, Inc. and Qro Mex Construction Company, Inc. for the project work and to provide payment in an amount not to exceed $2,887,650.80 to Qro Mex Construction Company, Inc. and reimbursements in an amount not to exceed $288,765.08 to KB Homes Lone Star, Inc. for the System’s cost to oversize the proposed off-site water main; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the bid of Qro Mex Construction Company, Inc. in the amount of $3,755,970.80 for the project work in connection with the Evans Road 24-Inch Water Main Extension is hereby accepted.

2. That a construction contract for the project work is hereby awarded to Qro Mex Construction Company, Inc. in the amount of $3,755,970.80.

3. That the expenditure of System funds in an amount of $2,887,650.80 for the System’s proportionate share of the project work is hereby approved.

4. That the expenditure of System funds in the amount of $288,765.08 for the System’s proportionate share of engineering design fees associated with the project work is hereby authorized and approved.

5. That a total sum not to exceed $3,176,415.88 consisting of the System’s proportionate share of the project work costs and engineering fees related to the 24-inch oversized and 30-inch oversized (12-inch required) water main, is hereby made available and is to be expended from the System’s Capital Improvements Plan Water Oversize 2017 Projects Fund.

6. That the President/Chief Executive Officer or his duly appointed designee, is hereby authorized and directed to execute a contract with KB Homes Lone Star, Inc. and Qro Mex Construction Company, Inc., and to further provide payment in an amount not to exceed $2,887,650.80 for the cost to oversize the water main to Qro Mex Construction Company, Inc.
and reimbursements in an amount not to exceed $288,765.08 to KB Homes Lone Star, Inc. in accordance with the Utility Service Regulations in connection with the Evans Road 24-Inch Water Main Extension.

7. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

8. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

9. This resolution shall take effect immediately upon its passage.

PASSED AND APPROVED on this 9th day of January 2018.

____________________________
Berto Guerra, Jr., Chairman

ATTEST:

____________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Tracey B. Lehmann, P.E., Interim-Director, Development, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF CONSTRUCTION CONTRACT AND APPROVAL OF EXPENDITURES IN CONNECTION WITH THE MISSION DEL LAGO – OFFSITE SEWER MAIN EXTENSION (15-INCH REQUIRED – 27-INCH OVERSIZE) PROJECT

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract in the amount of $5,851,187.65 to S.J. Louis Construction of Texas, Ltd., a local, non-SMWVB contractor, on a Developer Customer construction contract, and authorizes the expenditures of funds in the amount of $4,382,367.07 for associated construction fees to S.J. Louis Construction of Texas, Ltd., and reimbursements of $438,236.71 for associated design fees to Southstar Mission Del Lago Developer, LLC, in connection with the Mission Del Lago – Offsite Sewer Main Extension (15-Inch Required – 27-Inch Oversize) Project.

On May 3, 2016, by Resolution No. 16-132, the San Antonio Water System (the “System”) Board of Trustees approved a Utility Service Agreement (USA) to provide water and/or wastewater services to a tract of land known as the Mission Del Lago tract, a 446-acre tract, being developed by Southstar Mission Del Lago Developer, LLC, (“Developer”), and the oversizing of approximately 13,800 feet of 15-inch sewer main to 27-inch sewer main, construction of approximately 460 feet of 8-inch sewer main, construction of approximately 330 feet of 10-inch sewer main, construction of approximately 440 feet of 12-inch sewer main, and the construction of approximately 3,410 feet of 27-inch sewer main from the existing Mission Del Lago Lift Station (LS) 192 to the Tract, in order to conform with the Wastewater Infrastructure Master Plan.

The Developer is required to construct a 15-inch sewer main. System staff recommends oversizing approximately 13,800 feet of 15-inch sewer main to a 27-inch sewer main. The Developer is responsible for 30.90 percent of the oversizing of the 15-inch sewer main to a 27-inch sewer main; for an estimated $1,431,647.41 of the project costs. The System is responsible for 69.10 percent of the oversizing of the 15-inch sewer main to a 27-inch sewer main, for an estimated $3,201,515.74.

The System is responsible for 100 percent of the construction costs of the approximately 460 feet of 8-inch sewer main, for an estimated $66,131.30; the Developer is responsible
for zero percent of the construction costs of the approximately 460 feet of 8-inch sewer main.

- The Developer is responsible for 100 percent of the construction costs of the approximately 330 feet of 10-inch sewer main, for an estimated $37,173.17; the System is responsible for zero percent of the construction costs of the approximately 330 feet of 10-inch sewer main.

- The System is responsible for 100 percent of the construction costs of the approximately 440 feet of 12-inch sewer main, for an estimated $94,543.38; the Developer is responsible for zero percent of the construction costs of the approximately 440 feet of 12-inch sewer main.

- The System is responsible for 100 percent of the construction costs of approximately 3,410 feet of 27-inch sewer main, for an estimated $1,020,176.65; the Developer is responsible for zero percent of the construction costs of approximately 3,410 feet of 27-inch sewer main.

- The System solicited bids for the construction of the oversize wastewater main. Upon Board authorization of the construction contract, the Developer will enter into a contract with both the contractor and the System.

- This project consists of the oversize construction of approximately 460 feet of 8-inch sewer main, approximately 330 feet of 10-inch sewer main, approximately 440 feet of 12-inch sewer main, and approximately 17,210 feet of 27-inch sewer main. The Mission Del Lago – Offsite Sewer Main Extension (15-Inch Required – 27-Inch Oversize) Project is inside the City of San Antonio limits, is located within the System’s Lower Collection and Treatment Area (LCTA) and inside the System’s water and wastewater CCN.

- S.J. Louis Construction of Texas, Ltd., a local, non-SMWVB contractor, has submitted the low bid of $5,851,187.65 for construction of the project.

- The System will pay S.J. Louis Construction of Texas, Ltd., monthly, for the construction costs for the oversize project. The Developer will pay the System prior to the beginning construction for the Developer’s proportionate share of the construction cost for the oversize project.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

The project will finance this expenditure included in the CY 2017 and CY 2018 Capital Improvement Program. This project is included in the Wastewater Core Business budget line item. The applicable wastewater main oversize payment will be made monthly to S.J. Louis Construction of Texas, Ltd. of Texas, Ltd., in accordance with the Utility Service Regulations. The applicable design fees payment will be made to the Developer. The System will pay $4,382,367.07 for construction costs and $438,236.71 for associated design fees for a total cost of $4,820,603.78 under job number 16-1659. The Developer will pay $1,468,820.58 of the construction costs and the remainder of the design fees.

Upon completion of construction, the cost of the project will be recorded as a Developer contribution along with an allowance for reimbursement.

SUPPLEMENTARY COMMENTS:

Bids for this project were opened on December 6, 2017, at 10:00 A.M. The following bids were accepted for submittal:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Bid Amount</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>S.J. Louis Construction of Texas, Ltd.*</td>
<td>$5,851,187.65</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>Engineer’s Estimate</td>
<td>$5,866,657.06</td>
<td></td>
</tr>
<tr>
<td>Western Municipal Construction, Inc.</td>
<td>$5,956,814.38</td>
<td>Non–Local/Non–SMWVB</td>
</tr>
<tr>
<td>SpawGlass Civil Construction, Inc.</td>
<td>$6,151,866.08</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>CYMI Industrial, Inc.</td>
<td>$7,225,911.00</td>
<td>Non–Local/Non–SMWVB</td>
</tr>
</tbody>
</table>

*Lowest Responsible Bidder

The engineer’s estimated construction cost for this project is $5,866,657.06 and the contractor’s construction cost is $5,851,187.65. The difference is 0.26 percent decrease from the Engineer’s estimated construction cost.

Additionally, the overall SMWVB analysis is shown in the following table:
Mission Del Lago – Offsite Sewer Main Extension (15-Inch Required – 27-Inch Oversize) Project

S.J. Louis Construction of Texas, Ltd.

SMWVB Analysis – Board Award

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>SBE</td>
<td>5.98%</td>
</tr>
<tr>
<td>MBE – African American</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE – Asian</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE – Hispanic</td>
<td>0.34%</td>
</tr>
<tr>
<td>MBE – Other</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE – Minority</td>
<td>0.03%</td>
</tr>
<tr>
<td>WBE – Non-Minor</td>
<td>0.00%</td>
</tr>
<tr>
<td>SMWVB Total</td>
<td>6.36%</td>
</tr>
</tbody>
</table>

Tracey B. Lehmann, P.E.
Interim-Director
Development

Andrea L.H. Beymer, P.E.
Vice President
Engineering and Construction

Robert R. Puente
President/Chief Executive Officer

Attachments:
1. Project Area Map
2. Project Site Map
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ACCEPTING THE BID OF S.J. LOUIS CONSTRUCTION OF TEXAS, LTD. OF TEXAS, LTD. IN THE AMOUNT OF $5,851,187.65 FOR THE CONSTRUCTION OF THE SEWER MAINS IN CONNECTION WITH MISSION DEL LAGO – OFFSITE SEWER MAIN EXTENSION (15-INCH REQUIRED – 27-INCH OVERSIZE) PROJECT; AWARDING A CONSTRUCTION CONTRACT TO S.J. LOUIS CONSTRUCTION OF TEXAS, LTD. IN THE AMOUNT OF $5,851,187.65 FOR THE PROJECT WORK; AUTHORIZING THE EXPENDITURE OF SYSTEM FUNDS IN THE AMOUNT OF $4,382,367.07 FOR THE SYSTEM'S PROPORTIONATE SHARE OF THE PROJECT WORK; AUTHORIZING THE EXPENDITURE OF SYSTEM FUNDS IN THE AMOUNT OF $438,236.71 FOR THE SYSTEM'S PROPORTIONATE SHARE OF THE ENGINEERING DESIGN FEES; AUTHORIZING A TOTAL AMOUNT NOT TO EXCEED $4,820,603.78 FROM THE SYSTEM'S CY 2017 AND CY 2018 CAPITAL IMPROVEMENT PROGRAM FOR THE SYSTEM'S PROPORTIONATE SHARE OF THE PROJECT WORK AND ENGINEERING FEES RELATED TO THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONTRACT WITH SOUTHLAND MISSION DEL LAGO DEVELOPER, LLC AND S.J. LOUIS CONSTRUCTION OF TEXAS, LTD. AND PROVIDE PAYMENT IN AN AMOUNT NOT TO EXCEED $4,382,367.07 TO S.J. LOUIS CONSTRUCTION OF TEXAS, LTD. AND REIMBURSEMENTS OF $438,236.71 TO SOUTHLAND MISSION DEL LAGO DEVELOPER, LLC FOR THE SYSTEM'S PROPORTIONATE SHARE OF THE COST TO OVERSIZE THE PROPOSED SEWER MAINS; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, by Resolution No. 16-132, approved on May 3, 2016, the San Antonio Water System Board of Trustees approved a Utility Service Agreement (USA) to provide water and/or wastewater services to a tract of land known as Mission Del Lago Tract, a
446-acre tract, being developed by Southstar Mission Del Lago Developer, LLC and the oversize of approximately 13,800 feet of 15-inch sewer main, approximately 460 feet of 8-inch sewer main, approximately 330 feet of 10-inch sewer main, approximately 440 feet of 12-inch sewer main, and approximately 3,410 feet of 27-inch sewer main in order to conform with the Wastewater Infrastructure Master Plan; and

WHEREAS, the Developer is required to construct an 8-inch sewer main, a 10-inch sewer main, and a 15-inch sewer main; and

WHEREAS, the System has elected to oversize the 15-inch sewer main to a 27-inch sewer main, as well as construct an 8-inch sewer main, a 12-inch sewer main, and a 27-inch sewer main; and

WHEREAS, the System has publicly solicited bids for the Mission Del Lago – Offsite Sewer Main Extension (15-Inch Required – 27-Inch Oversize) Project (the “project work”); and

WHEREAS, the project work includes the oversize construction of approximately 13,800 feet of 15-inch sewer main to 27-inch sewer main; and

WHEREAS, the project work includes the construction of approximately 460 feet of 8-inch sewer main; and

WHEREAS, the project work includes the construction of approximately 330 feet of 10-inch sewer main; and

WHEREAS, the project work includes the construction of approximately 440 feet of 12-inch sewer main; and

WHEREAS, the project work includes the construction of approximately 3,410 feet of 27-inch sewer main; and

WHEREAS, S.J. Louis Construction of Texas, Ltd., a local, non-SMWVB contractor, submitted the bid of $5,851,187.65 for construction of the project and this bid is determined to be the lowest responsible bid; and

WHEREAS, Southstar Mission Del Lago Developer, LLC is responsible for funding their proportionate share of the construction of the project; and

WHEREAS, Southstar Mission Del Lago Developer, LLC is responsible for 30.90 percent of the project costs for approximately 13,800 feet of 15-inch sewer main oversized to a 27-inch sewer main, the System is responsible for 69.10 percent of the project costs for approximately 13,800 feet of 15-inch sewer main oversized to a 27-inch sewer main; and
WHEREAS, the System is responsible for 100 percent of the project costs for approximately 460 feet of the 8-inch sewer main; and Southstar Mission Del Lago Developer, LLC is responsible for zero percent of the project costs for 460 feet of the 8-inch sewer main; and

WHEREAS, Southstar Mission Del Lago Developer, LLC is responsible for 100 percent of the project costs for approximately 330 feet of the 10-inch sewer main; and the System is responsible for zero percent of the project costs for 330 feet of the 10-inch sewer main; and

WHEREAS, the System is responsible for 100 percent of the project costs for approximately 440 feet of the 12-inch sewer main; and Southstar Mission Del Lago Developer, LLC is responsible for zero percent of the project costs for 440 feet of the 12-inch sewer main; and

WHEREAS, the System is responsible for 100 percent of the project costs for approximately 3,410 feet of the 27-inch sewer main; and Southstar Mission Del Lago Developer, LLC is responsible for zero percent of the project costs for 3,410 feet of the 27-inch sewer main; and

WHEREAS, the System will pay to the Southstar Mission Del Lago Developer, LLC, monthly, for the System’s proportionate share of the cost to oversize the sewer main in accordance with the Board Regulations; and

WHEREAS, the amount of $4,820,603.78 is available in the System’s CY 2017 and CY 2018 Capital Improvement Program for the System’s proportionate share of the project work costs and engineering fees related to oversizing the water main extension; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to accept the bid of S.J. Louis Construction of Texas, Ltd. in the amount of $5,851,187.65 for the project work, in connection with the Mission Del Lago – Offsite Sewer Main Extension (15-Inch Required – 27-Inch Oversize), (ii) to award a construction contract to S.J. Louis Construction of Texas, Ltd. in the amount of $5,851,187.65 for the project work, (iii) to authorize System funds in the amount of $4,382,367.07 for the project work, (iv) to authorize System funds in the amount of $438,236.71 for design fees, (v) to make available a total amount not to exceed $4,820,603.78 from the System’s CY 2017 and CY 2018 Capital Improvement Program for the System’s proportionate share of the project work and engineering fees related to oversizing the proposed off-site wastewater main, and (vi) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a contract with Southstar Mission Del Lago Developer, LLC and S.J. Louis Construction of Texas, Ltd. for the project work and to provide payment in an amount not to exceed $4,382,367.07 to S.J. Louis Construction of Texas, Ltd. and reimbursements in an amount not to exceed $438,236.71 to Southstar Mission Del Lago Developer, LLC for the System’s cost to oversize the proposed off-site wastewater main; now, therefore:
BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the bid of S.J. Louis Construction of Texas, Ltd. in the amount of $5,851,187.65 for the project work in connection with the Mission Del Lago – Offsite Sewer Main Extension (15-Inch Required – 27-Inch Oversize) is hereby accepted.

2. That a construction contract for the project work is hereby awarded to S.J. Louis Construction of Texas, Ltd. in the amount of $5,851,187.65.

3. That the expenditure of System funds in an amount of $4,382,367.07 for the System's proportionate share of the project work is hereby approved.

4. That the expenditure of System funds in the amount of $438,236.71 for the System’s proportionate share of engineering design fees associated with the project work is hereby authorized and approved.

5. That a total sum not to exceed $4,820,603.78 consisting of the System’s proportionate share of the project work costs and engineering fees related to the 27-inch oversized (15-inch required) wastewater main, is hereby made available and is to be expended from the System’s CY 2017 and CY 2018 Capital Improvement Program.

6. That the President/Chief Executive Officer or his duly appointed designee, is hereby authorized and directed to execute a contract with Southstar Mission Del Lago Developer, LLC and S.J. Louis Construction of Texas, Ltd. and to further provide payment in an amount not to exceed $4,382,367.07 for the cost to oversize the wastewater main to S.J. Louis Construction of Texas, Ltd. and reimbursements in an amount not to exceed $438,603.78 to Southstar Mission Del Lago Developer, LLC in accordance with the Utility Service Regulations in connection with the Mission Del Lago – Offsite Sewer Main Extension (15-Inch Required – 27-Inch Oversize).

7. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

8. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

9. This resolution shall take effect immediately upon its passage.
PASSED AND APPROVED on this 9th day of January 2018.

____________________________
Berto Guerra, Jr., Chairman

ATTEST:

____________________________
Ernesto Arrellano, Jr., Secretary
AGENDA ITEM NO. 30

TO: San Antonio Water System Board of Trustees

FROM: Gail Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: RATIFICATION OF AWARD OF CONSTRUCTION CONTRACT IN CONNECTION WITH THE C_5 CULEBRA – CASTROVILLE TO LAREDO AND C_28 ZARZAMORA CREEK – SAN GABRIEL TO NW 23RD ST PHASE – 1A – TRENCH REPAIR EMERGENCY PROJECT

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution ratifies the actions of the Vice President of Engineering and Construction in approving the construction contract in the amount of $4,065,782.17 payable to S.J. Louis Construction of Texas, Ltd., a local, non-SMWVB firm, in connection with the C_5 Culebra – Castroville to Laredo and C_28 Zarzamora Creek – San Gabriel to NW 23rd St. Phase 1A – Trench Repair Emergency Project. This project is located in Council District 5.

- On December 1, 2015, the San Antonio Water System’s (the “System”) awarded a construction contract to Spiess Construction Co., Inc. for the replacement and upsize of approximately 8,400 feet of 8-inch to 42-inch sewer mains along S. Laredo from S. Jacinto Street to Agatha, and northward through the Cassiano Homes. The construction also included the replacement of approximately 2,700 feet of 6-inch to 16-inch water mains along S. Laredo Street from S. San Jacinto to S. Zarzamora Street in connection with the C_5 Culebra – Castroville to Laredo and C_28 Zarzamora Creek – San Gabriel to NW 23rd Street – Phase 1A Project.

- On August 16, 2017, the contract with Spiess Construction Co., Inc. was terminated by the System.

- The trench restoration, installed by Spiess Construction Co, the original contractor, is failing due to inadequate compaction. The deteriorating condition of the sewer line trench poses a safety risk to the public and requires immediate repair. The System declared an emergency in accordance with its procedures for emergency construction contracts and issued an emergency solicitation for bids on December 5, 2017.
This contract will perform emergency trench repair by re-excavating the trench, removing the existing backfill material, and replacing it with select material that is adequately compacted in lifts in accordance with the contract documents. Once the trench repair is complete and quality testing meets System standards, the contractor will perform paving restoration by mill and overlay in accordance with the City of San Antonio’s specifications.

S.J. Louis Construction of Texas, Ltd. submitted the lowest responsible bid of $4,065,782.17.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The Project Fund will finance this expenditure included in the CY 2017 Capital Improvement Program. This project is included in the Wastewater Core Business budget line item. The amount is $4,065,782.17 for sewer related construction work under job number 18-4513.

**SUPPLEMENTARY COMMENTS:**

CP&Y, Inc. prepared the plans and specifications for this project under their professional services contract.

A bid opening was held on December 7, 2017, at 3:00 PM. The following bids were submitted:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Bid Amount</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>S.J. Louis Construction of Texas, Ltd.*</td>
<td>$4,065,782.17</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>* Lowest Responsible Bidder</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SAWS’ Engineering Estimate</strong></td>
<td>$5,000,000.00</td>
<td></td>
</tr>
<tr>
<td>BRH-Garver Construction, L.P.</td>
<td>$9,016,837.00</td>
<td>Non–Local/Non–SMWVB</td>
</tr>
<tr>
<td>Capital Excavation Company</td>
<td>Did not submit bid</td>
<td></td>
</tr>
</tbody>
</table>

The engineer’s estimated construction cost, prepared by the System’s Engineering staff, for this project is $5,000,000.00 and the contractor’s construction cost is $4,065,782.17. The difference is 18.68 percent decrease from the engineer’s estimated construction cost.

This contract has 120 days for construction completion.
Ratification of Award of Construction Contract
C_5 Culebra – Castroville to Laredo & C_28 Zarzamora Creek – San Gabriel
to NW 23rd St. Phase 1A – Trench Repair Emergency Project

Gail Hamrick-Pigg, P.E.
Director
Pipelines

Andrea L.H. Beymer, P.E.
Vice President
Engineering and Construction

APPROVED:

Robert R. Puente
President/Chief Executive Officer

Attachments:
1. Project Area Map
2. Project Site Map
SAN ANTONIO WATER SYSTEM
PROJECT AREA MAP
ATTACHMENT I

C_5 CULEBRA : CASTROVILLE TO LAREDO &
C_28 ZARZAMORA CREEK :
SAN GABRIEL TO NW 23RD ST
PHASE 1A TRENCH REPAIR
EMERGENCY PROJECT

LEGEND
★ PROJECT SITE
EdwardS RECHARGE ZONE
SAN ANTONIO WATER SYSTEM
PROJECT SITE MAP
ATTACHMENT II

C_5 CULEBRA : CASTROVILLE TO LAREDO &
C_28 ZARZAMORA CREEK :
SAN GABRIEL TO NW 23RD ST
PHASE 1A TRENCH REPAIR
EMERGENCY PROJECT

LEGEND
PROJECT LIMITS
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES RATIFYING THE ACTIONS OF THE VICE PRESIDENT OF ENGINEERING AND CONSTRUCTION IN APPROVING THE AWARD OF A CONSTRUCTION CONTRACT IN THE AMOUNT OF $4,065,782.17 IN CONNECTION WITH THE C_5 CULEBRA – CASTROVILLE TO LAREDO AND C_28 ZARZAMORA CREEK – SAN GABRIEL TO NW 23RD ST. PHASE 1A – TRENCH REPAIR EMERGENCY PROJECT; APPROVING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $4,065,782.17 PAYABLE TO S.J. LOUIS CONSTRUCTION OF TEXAS, LTD. FOR THE C_5 CULEBRA – CASTROVILLE TO LAREDO AND C_28 ZARZAMORA CREEK – SAN GABRIEL TO NW 23RD ST. PHASE 1A – TRENCH REPAIR EMERGENCY Project; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE THE CONTRACT WITH S.J. LOUIS CONSTRUCTION OF TEXAS, LTD. AND TO PAY TO S.J. LOUIS CONSTRUCTION OF TEXAS, LTD., AN AMOUNT NOT TO EXCEED $4,065,782.17 FOR THE PROJECT WORK ASSOCIATED WITH THE C_5 CULEBRA – CASTROVILLE TO LAREDO AND C_28 ZARZAMORA CREEK – SAN GABRIEL TO NW 23RD ST. PHASE 1A – TRENCH REPAIR EMERGENCY PROJECT; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, on December 1, 2015, the San Antonio Water System’s (the “System”) awarded a construction contract to Spiess Construction Co., Inc. in connection with the C_5 Culebra – Castroville to Laredo and C_28 Zarzamora Creek – San Gabriel to NW 23rd Street – Phase 1A Project; and

WHEREAS, on August 16, 2017, the contract with Spiess Construction Co., Inc. was terminated by the System; and

WHEREAS, the trench restoration, installed by Spiess Construction Co., is failing due to inadequate compaction; and

WHEREAS, the deteriorating condition of the sewer line trench poses a safety risk to the public and requires immediate repair in order to protect the public; and

WHEREAS, the System declared an emergency in accordance with its procedures for emergency construction contracts and issued an emergency solicitation for bids on December 5, 2017; and
WHEREAS, design plans and specifications were prepared by CP&Y, Inc. and three contractors were contacted and attended the mandatory pre-bid meeting and site visit; and

WHEREAS, S.J. Louis Construction of Texas, Ltd., a local, non-SMWVB firm, has submitted a bid in the amount of $4,065,782.17 for the project work and this bidder has been determined to be the lowest responsible bidder; and

WHEREAS, System funds in the amount of $4,065,782.17 are required for the project work; and

WHEREAS, the total amount of $4,065,782.17 is available from the System’s Project Fund for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to ratify the actions of the Vice President of Engineering and Construction in awarding a construction contract in the amount of $4,065,782.17 in connection with the C_5 Culebra – Castroville to Laredo and C_28 Zarzamora Creek – San Gabriel to NW 23rd St. Phase 1A – Trench Repair Emergency Project, (ii) to approve the expenditure of an amount not to exceed $4,065,782.17 payable to S.J. Louis Construction of Texas, Ltd. for the work related with the C_5 Culebra – Castroville to Laredo and C_28 Zarzamora Creek – San Gabriel to NW 23rd St. Phase 1A – Trench Repair Emergency Project, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a contract with S.J. Louis Construction of Texas, Ltd. and to pay an amount not to exceed $4,065,782.17 to S.J. Louis Construction of Texas, Ltd. for the project work associated with C_5 Culebra – Castroville to Laredo and C_28 Zarzamora Creek – San Gabriel to NW 23rd St. Phase 1A – Trench Repair Emergency Project; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That this procurement was necessary to protect the public health and safety of the residents of the City of San Antonio.

2. That the actions of the Vice President of Engineering and Construction in awarding a construction contract in the amount of $4,065,782.17 payable to S.J. Louis Construction of Texas, Ltd. for the project work in connection with the C_5 Culebra – Castroville to Laredo and C_28 Zarzamora Creek – San Gabriel to NW 23rd St. Phase 1A – Trench Repair Emergency Project are hereby ratified.

3. That the expenditure of an amount not to exceed $4,065,782.17 payable to S.J. Louis Construction of Texas, Ltd. is hereby approved.

4. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a construction contract with S.J. Louis Construction of Texas, Ltd., and to pay to S.J. Louis Construction of Texas, Ltd., an amount not to exceed $4,065,782.17 for the project work associated with the C_5 Culebra – Castroville to Laredo and C_28 Zarzamora Creek
5. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

6. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.

7. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 9th day of January, 2018.

____________________________
Berto Guerra, Jr., Chairman

ATTEST:

____________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Bruce Haby, Manager, Corporate Real Estate, and Nancy Belinsky, Vice President and General Counsel

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPROVING A PURCHASE AGREEMENT FOR THE ACQUISITION OF APPROXIMATELY 283.27 ACRES FOR THE MITCHELL LAKE WETLANDS WATER QUALITY TREATMENT PROJECT

Board Action Date: January 9, 2018

**SUMMARY AND RECOMMENDATION:**

The attached resolution authorizes the approval of a Purchase Agreement between the San Antonio Water System (SAWS) and 16795, Ltd. for the Mitchell Lake Wetlands Water Quality Treatment Project (the “Project”). It also authorizes the expenditure of $4,000,000.00 for the acquisition of the property and closing and title insurance costs not to exceed $22,500.00 00 for a total amount not to exceed $4,022,500.00.

- Mitchell Lake is a historic remnant of the City’s sewage treatment operations, and was used as a receiving water body for storing raw or partially treated sewage, which would later be used to irrigate crops. In 1901, a dam was constructed on the southern edge of an existing natural wetlands that inundated the natural wetlands and created the current lake surface elevation. Since at least 1962, Mitchell Lake has been subject to waste discharge permits issued by the State of Texas.

- Mitchell Lake receives some storm water from its drainage basin, and fully treated recycled water from the nearby Leon Creek Water Recycling Center. Recent residential development in the watershed has increased the amount of storm water Mitchell Lake receives.

- The Project requires the acquisition of an approximately 283.27 acre tract located at 16795 South U.S. Highway 281 in San Antonio, Texas, (the “Property”) for dam reconstruction and the construction of a wetlands that will provide water quality treatment from Mitchell Lake.

- The Property is owned by 16795, Ltd. (the “Owner”) and is depicted and more particularly described in Attachment I to the attached resolution.

- SAWS ordered an appraisal from Carl K. Eisenhauer, MAI and Lynn G. Eckmann, MAI, of Eckmann Groll, Inc., both State Certified Texas General Real Estate Appraisers, who expressed an opinion of fair market value of the Property of $3,966,000.00.
SAWS and the Owner have agreed on a purchase price of $4,000,000.00.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The Project Fund will provide funding for the acquisition of the Property including any additional costs and legal fees through the CY 2017 Capital Improvement Program, Wastewater Core Business. The job number is 18-6501.

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Bruce A. Haby  
Manager  
Corporate Real Estate

Nancy Belinsky  
Vice President and General Counsel

Robert R. Puente  
President/Chief Executive Officer

APPROVED:
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM (THE “SYSTEM”)  
BOARD OF TRUSTEES APPROVING A PURCHASE AGREEMENT IN THE AMOUNT OF $4,000,000.00 WITH  
16795, LTD. (THE “OWNER”) FOR THE PURCHASE BY THE  
CITY OF SAN ANTONIO ACTING BY AND THROUGH THE  
SAN ANTONIO WATER SYSTEM, BEING APPROXIMATELY 283.27 ACRES LOCATED AT 16795  
SOUTH U.S. HIGHWAY 281, SAN ANTONIO, TEXAS (THE “PROPERTY”) IN THE SOUTHEAST QUADRANT OF  
BEXAR COUNTY FOR THE MITCHELL LAKE WETLANDS WATER QUALITY TREATMENT PROJECT (THE “PROJECT”); AUTHORIZING THE ACQUISITION OF THE PROPERTY IN ACCORDANCE WITH THE TERMS OF THE PURCHASE AGREEMENT AND THE EXPENDITURE OF FUNDS IN A TOTAL AMOUNT NOT TO EXCEED $4,022,500.00 FOR THE ACQUISITION OF THE PROPERTY AND RELATED CLOSING COSTS; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE ALL DOCUMENTS NECESSARY TO EFFECTUATE THE ACQUISITION OF THE PROPERTY; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the System desires to acquire land to implement one or more natural processes to treat water discharging from Mitchell Lake to meet the water quality limits defined in the Texas Pollutant Discharge Elimination System permit for the Mitchell Lake Treatment Facility; and

WHEREAS, the System has determined that acquisition of the Property is necessary for the Project, the location and description of the Property being more particularly set out in Attachment I attached hereto and incorporated herein for all purposes; and

WHEREAS, the Owner has agreed to sell the Property to the System for the amount of $4,000,000.00 pursuant to the terms of a Purchase Agreement (the “Purchase Agreement”) attached hereto as Attachment II, being subject to approval of the Board of Trustees; and

WHEREAS, funds in the amount not to exceed $4,022,500.00 are available in the Project fund for the purchase of the Property and closing costs, which are estimated to be an amount not to exceed $22,500.00; and
WHEREAS, the San Antonio Water System Board of Trustees desires to (i) approve the Purchase Agreement in the amount of $4,000,000.00 with the Owner for the purchase by the City of San Antonio, acting by and through the System for the Project, (ii) authorize the expenditure of funds in the amount not to exceed $4,022,500.00 for the acquisition of the Property and related closing costs from the Project Fund, (iii) authorize the acquisition of the Property in accordance with the terms of the Purchase Agreement, and the expenditure of funds from the Project Fund in a total amount not to exceed $4,022,500.00 for the acquisition of the Property and related closing and title insurance costs, and (iv) authorize the President/Chief Executive Officer or his duly appointed designee to execute all documents necessary or advisable to effectuate the acquisition of the Property, including any amendments that do not increase the purchase price, and to pay the amount not to exceed $4,000,000.00 to the Owner (or, as necessary, 1031 exchange agent or other party shown on a title commitment as being fee simple owner of the Property) for the acquisition of the Property through Alamo Title Insurance Company as escrow agent and to pay the amount not to exceed $22,500.00 to Alamo Title insurance Company for title insurance and related closing costs; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the Purchase Agreement in the amount of $4,000,000.00 with the Owner for the purchase by the City of San Antonio, acting by and through the System, of the Property for the Project is hereby approved.

2. That expenditure of the funds from the Project Fund in an amount not to exceed $4,022,500.00 for the acquisition of the Property and related closing costs is hereby approved.

3. That the amount not to exceed $4,022,500.00 is hereby made available and is to be expended from the Project Fund.

4. That the System’s President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute all documents necessary or advisable to effectuate the acquisition of the Property, including any amendments that do not increase the purchase price, and to pay an amount not to exceed $4,000,000.00 to the Owner (or, as necessary, 1031 exchange agent or other party shown on a title commitment as being fee simple owner of the Property) for the acquisition of the Property through Alamo Title Insurance Company as escrow agent and to pay an amount not to exceed $22,500.00 to Alamo Title insurance Company for title insurance and related closing costs, in accordance with the terms of the Purchase Agreement.

5. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.
6. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

7. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 9th day of January, 2018.

_____________________________
Berto Guerra, Jr., Chairman

ATTEST:

_____________________________
Ernesto Arrellano, Jr., Secretary

Attachments:
I Aerial Depiction
II Purchase Agreement
This Purchase Agreement (the "Agreement"), made by and 16795, Ltd., a Texas limited partnership, hereinafter called "Seller" and the City of San Antonio, acting by and through its San Antonio Water System, hereinafter called "Buyer", constitutes a contract for the purchase of the described property, as follows:

1. **Property.** Seller agrees to convey to Buyer the tract of real property being 283.27 acres in Bexar County and being more particularly described in Exhibit A attached hereto and incorporated herein (the "Land"); together with all improvements thereon and all water rights and claims of water rights of any nature related to the Land, and together with all of Seller’s right, title and interest in and to all appurtenances including, but not limited to, strips between the above described property and abutting properties, and in any street, highway, alley, easement or right of way, existing or proposed, on or adjacent to the described real property (all of which is hereinafter collectively called the "Property"). Upon Buyer’s receipt and approval of a new survey for the Property, the legal description contained in such survey shall, at Buyer’s election, replace the description in Exhibit A.

2. **Consideration.** The consideration for the conveyance shall be as follows:
   a. **Purchase Price.** The total purchase price ("Purchase Price") for the Property shall be FOUR MILLION AND NO/100 DOLLARS ($4,000,000.00).
   b. **Earnest Money.** At the time of delivery of the fully executed Agreement to the Title Company (hereinafter defined), Buyer shall deposit FIFTEEN THOUSAND AND NO/100 DOLLARS ($15,000.00) with Alamo Title Company, Attn: Chris Varley, Senior Vice President, 18618 Tuscany Stone, Suite 240, San Antonio, Texas 78258 ("Title Company"), as earnest money ("Earnest Money"). If Buyer has not terminated this Agreement pursuant to its rights under paragraph 8 of this Agreement on or before sixty (60) days from the Date of this Agreement, Buyer shall deposit with the Title Company an additional FIFTEEN THOUSAND AND NO/100 DOLLARS ($15,000.00) as additional (and to be included in the) Earnest Money. Promptly following the deposit of such additional Earnest Money, Title Company shall release all Earnest Money to Seller. The Earnest Money shall be non-refundable, except in the event of Seller’s default under this Agreement, but shall be credited toward the Purchase Price at closing if the conveyance of the Property is closed. Buyer and Seller agree that the Earnest Money constitutes sufficient consideration for entering into this Agreement, including Buyer’s rights under paragraph 8.

3. **Escrow.** Upon Buyer's receipt of a fully executed copy of this Agreement, Buyer shall open an escrow with Title Company covering the purchase and sale of the Property, by depositing with Title Company the Earnest Money and an executed copy of this Agreement.

4. **Date of this Agreement.** The Date of this Agreement shall be the date when a fully executed copy of this Agreement together with Buyer's deposit of the Earnest Money is delivered to the Title Company, as evidenced by the date inserted by Title Company beneath its signature of receipt.

5. **Title.** Title Company shall issue a Commitment for Title Insurance ("Title Commitment") to the Buyer on or before fifteen (15) days from the Date of this Agreement. Any matters of record in the Title Commitment shall be, together with matters shown on any survey of the Land obtained by Buyer, "Permitted Exceptions"; provided, however, in no event shall Buyer be required to object to any liens or other matters contained in Schedule C of the Title Commitment, all of which shall
be satisfied by Seller at or prior to Closing, and none of which matters will constitute Permitted Exceptions.

6. **Property Information Documents.** Within ten (10) days after the Date of this Agreement, Seller shall deliver to Buyer all documents in Seller’s possession prepared by Pape Dawson Engineers relating to the Property (the “Pape Dawson Documents”), copies of all written leases, tenancies, rental agreements and any other agreements affecting the Property, and a full written description of any such agreements which are not written which exist and are in Seller’s physical possession (all of the foregoing, including the Pape Dawson Documents, the “Property Information Documents”). **BUYER ACKNOWLEDGES THAT SOME OR ALL OF THE PROPERTY INFORMATION DOCUMENTS HAVE BEEN PREPARED BY THIRD PARTIES. THE FURNISHING OF ANY PROPERTY INFORMATION DOCUMENTS IS WITHOUT ANY REPRESENTATION OR WARRANTY BY SELLER WITH RESPECT THERETO, WHETHER EXPRESS OR IMPLIED, OR WITH RESPECT TO THE RIGHT OF BUYER TO RELY THEREON, AND SHALL BE SUBJECT TO BUYER’S INDEPENDENT VERIFICATION, NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED THEREIN OR ANY OPINION OR COMMENT OFFERED BY A REPRESENTATIVE OF SELLER WITH RESPECT THERETO, AND BUYER SHALL RELY ON SUCH PROPERTY INFORMATION DOCUMENTS AT BUYER’S OWN RISK. SELLER HEREBY DISCLAIMS ANY WARRANTY OR REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS OF ANY PROPERTY INFORMATION DOCUMENT.**

7. **Investigations.** From the Date of this Agreement until its termination or Closing, Buyer and its representatives shall have the right to enter upon the Land to conduct investigations, including without limitation, soil tests, engineering studies, planning and/or feasibility studies, environmental inspections, a study of the availability of water, utilities, drainage, access, and sewer, and such other investigations as Buyer may desire to determine the suitability of the Land for Buyer’s intended use. Buyer in the conduct of its investigation shall not unreasonably interfere with any existing operations on the Land, and Buyer shall repair any and all physical damage to the Land caused by Buyer's investigations. Before a contractor, subcontractor or consultant of Buyer enters the Property to conduct any investigation, Buyer shall deliver or cause such party to deliver to Seller a certificate of insurance evidencing that such party has procured, and throughout the performance of such inspection or testing shall maintain in force and effect, a commercial general liability insurance policy against claims for bodily injury or death or property damage arising out of any activity of such party, in standard form (including contractual liability coverage) and with a limit of at least $1,000,000.00 per occurrence. Buyer shall use reasonable efforts to cause Seller to be named as additional insured under such commercial general liability policies. **BUYER HEREBY RELEASES SELLER FROM ANY LIABILITY TO BUYER OR ITS EMPLOYEES FOR PROPERTY DAMAGE OR PERSONAL INJURY RELATED TO THE CONDITION OF THE PROPERTY DURING BUYER’S INVESTIGATIONS.** Unless and until Closing has occurred and except as may be required by an Attorney General opinion or court order under the Texas Open Records Act, Buyer will not reveal to any third party (other than Buyer’s contractors, subcontractors and consultants), not approved by Seller, such approval not to be unreasonably withheld, conditioned or delayed, the written results of its inspections.

8. **Feasibility Period.** Seller agrees that Buyer shall have a period expiring on January 17, 2018 ("Feasibility Period") to determine the suitability of the Property for Buyer’s intended use. If Buyer decides in its sole discretion not to proceed with the purchase of the Property, Buyer shall give Seller written notice of termination on or before the expiration of the Feasibility Period, in which event this Agreement shall terminate and be of no further force and effect, and Seller shall retain the Earnest Money, and, to the extent not previously disbursed to Seller, the Title Company shall release the Earnest Money to Seller.
9. **Conditions to Closing.** This Agreement is subject to the approval of the Board of Trustees of the San Antonio Water System on or before the expiration of the Feasibility Period. In the event that this Agreement is not approved by the Board of Trustees of the San Antonio Water System on or before the expiration of the Feasibility Period, notwithstanding any provision herein to the contrary, this Agreement shall automatically terminate and be of no further force and effect. In such event, Seller shall retain the Earnest Money, and, to the extent not previously disbursed to Seller, the Title Company shall release the Earnest Money to Seller.

10. **Closing.** Provided that this Agreement has not previously been terminated and that all conditions to closing have been satisfied, the conveyance of the Property shall be closed ("Closing") at the office of the Title Company on January 31, 2018 (the "Closing Date") or such earlier date as both parties may agree to in writing.

11. **Closing Documents.** The following documents shall be delivered at Closing:

   a. **Deed.** Seller shall deliver a special warranty deed ("Deed") executed and acknowledged by Seller, conveying to Buyer good and indefeasible title to the Property free and clear of all restrictions, easements, liens and other encumbrances except the Permitted Exceptions, in substantially the form attached hereto as Exhibit B.

   b. **Title Policy.** The Title Company shall furnish at Buyer’s expense an owner’s title policy issued by Title Company in a form prescribed by the Board of Insurance Commissioners of Texas with underwriters and co-insurance limits approved by Buyer. The policy shall be in the amount of the Purchase Price and shall guarantee that Buyer’s title to the Property is good and indefeasible, subject only to the following exceptions: (i) the Permitted Exceptions, (ii) taxes for the calendar year after the date of Closing, (iii) unrecorded governmental rights and regulations, including but not limited to building and zoning ordinances; and (iv) if desired by Buyer, shortages in area or other modifications or endorsements requested by Buyer to the extent permitted by insurance regulations. Buyer shall be responsible for the costs of any title policy or endorsement.

   d. **Tax Certificates.** The title company shall deliver, at Buyer’s expense, tax certificates showing there are no delinquent taxes levied or assessed against the Property at or after Closing.

   e. **Affidavit of Foreign Status.** Seller shall deliver to Buyer and Title Company an affidavit indicating whether or not Seller is a "foreign person" under the Internal Revenue Act of 1954, as amended.

   f. **Other Documents.** Seller shall deliver a settlement statement and such other documents as may be reasonable and customary and/or as requested by the Title Company in connection with the Closing.

   g. **Pape Dawson Documents.** If and to the extent assignable by Seller without consent from any other party, Seller shall assign and convey to Buyer without any warranty including, but not limited to, that such documents are suitable for Buyer's use, Seller's right, title and interest in the Pape Dawson Documents to Buyer, pursuant to an assignment to be drafted by the parties prior to Closing.

12. **Closing Costs.** Closing costs and prorations shall be allocated as follows:
a. **Taxes.** Buyer is a tax-exempt entity. All ad valorem taxes on the Land shall be prorated to the date of Closing, and Seller shall be responsible for the payment of all such ad valorem taxes up to and including the date of Closing, which payment shall be made via debit or payment reflected on the settlement statement at Closing. If the current year's taxes are not known as of the date of Closing, the proration shall be based upon the previous year's taxes, per Section 26.11 of the Texas Tax Code. The Title Company will pay the Seller's prorated amount to the Bexar County Tax Assessor-Collector at Closing, per such Section 26.11, together with any amounts owing for years prior to Closing. The Seller's obligation to pay all ad valorem taxes on the Land for the period up to and including the date of Closing, including prior years, shall survive Closing. While it is the understanding of the parties that the sale contemplated by this Agreement will not result in rollback taxes due to Buyer's status as a tax-exempt entity, in the event the Land has been assessed for property tax purposes at such rates as would result in rollback taxes upon the change in land usage or ownership of the Land, Buyer agrees to pay all such taxes to the extent applicable, which obligation shall survive Closing.

b. **Lien Releases.** Seller shall pay all prepayment penalties, fees and other amounts necessary to release all existing notes, liens and security interests against the Seller or the Property, including recording fees.

c. **Fees.** Any escrow fee charged by Title Company shall be charged to the Buyer. Each party will pay its own attorney's fees. Buyer will pay the cost of recording any documents delivered to it or them at Closing.

13. **Possession.** Exclusive possession of the Property shall be delivered to Buyer at Closing.

14. **Warranties.** Seller makes the following representations, warranties and covenants as of the date of this Agreement and as of the Closing Date, and such warranties and covenants shall survive the Closing of this Agreement for one year (the "Survival Period"). Any claim with respect to such warranties that is not discovered within the Survival Period and brought within two years and one day after the earlier of: (i) discovery; or (ii) expiration of the Survival Period shall be deemed waived and discharged.

   a. **Title.** Seller owns good and indefeasible title to the Property and is fully authorized to convey the Property pursuant to this Agreement.

   b. **No Proceedings.** There are no pending or, to Seller's knowledge, threatened condemnation or similar proceedings or assessments affecting the Property, lawsuits by adjoining landowners or others, nor to the best knowledge and belief of Seller is any such lawsuit contemplated by any person, except for threatened condemnation of the Property by Buyer.

   c. **No Leases.** At the time of Closing, the Property will not, in whole or in part, be under lease or subject to any agreement other than this Agreement and that certain Grazing Lease Agreement dated September of 2016 by and between Seller and D.C. Sonny Mayfield, which shall be provided to Buyer pursuant to paragraph 6 of this Agreement.

   d. **No Contracts.** Except as expressly disclosed to Buyer pursuant to paragraph 6 above, Seller has not and will not enter into any written contracts, agreements, or listings, or be a party to any oral understandings or agreements affecting the Property.
e. Compliance With Laws. To the best knowledge of Seller, Seller has complied with all applicable laws, ordinances, regulations, statutes and rules relating to the Property or any part thereof.

f. Environmental.

1. During the period that Seller has owned the Land, there has been no storage, production, transportation, disposal, treatment or release of any solid waste, hazardous waste, toxic substance, or any other pollutants or contaminants (hereinafter collectively referred to as "Pollutants") on or in the Parent Tract, and Seller has complied with all applicable local, state or federal environmental laws and regulations.

2. To Seller's knowledge, prior to Seller's acquisition of the Land, there was no storage, production, transportation, disposal, treatment or release of any Pollutants on or in the Land.

g. No Changes to Property. Seller shall not change or make alterations to the Property between the date of this Agreement and Closing without Buyer's prior written consent. Such prohibited changes shall include, but shall not be limited to, removing trees, or removal or relocation of site improvements or landscaping. Additionally, Seller shall not submit or proceed with any subdivision platting, zoning change or other change in the legal status of the Property; provided, however, that Buyer acknowledges that the Property is currently subject to some of the foregoing actions, but that Seller will not proceed with such actions during the term of this Agreement.

15. Notices. Any notice to be given hereunder shall be given by placing the notice or designation in the United States mail, certified or registered, properly stamped and addressed to the address shown below or such other address as the respective party may direct in writing to the other, or by personal delivery to such address by a party, by email, or by a delivery service which documents delivery, and such notice or designation shall be deemed to be received upon such placing in the mails or such delivery:

Seller: 16795, Ltd.
110 Umbria
San Antonio, Texas 78230
Email: jstrevino@tvhlawfirm.com

With a copy to:
Buck Benson
Pulman, Cappuccio, Pullen, Benson, Jones, LLP
2161 NW Military Hwy., Ste. 400
San Antonio, TX 78213
bbenson@pulmanlaw.com

Buyer: San Antonio Water System
Attn: Manager, Corporate Real Estate
2800 US 281 North, 5th Floor, Tower I
San Antonio, Texas 78212
bruce.haby@saws.org

With a copy to: San Antonio Water System
Attn: Mark E. Brewton, Corporate Counsel
16. **Condemnation.** If any portion of the Land is taken by eminent domain or condemnation by a third party, then Buyer may (a) terminate this Agreement (in which event, Seller shall retain the Earnest Money, and, to the extent not previously disbursed to Seller, the Title Company shall release the Earnest Money to Seller), or (b) complete this purchase with the Purchase Price reduced by the amount of the condemnation award, prorated as applicable.

17. **Default.** In the event Buyer fails or refuses to perform in accordance with the terms of this Agreement, then Seller shall have the right, as its sole and exclusive remedy, to terminate this Agreement and receive and/or retain the Earnest Money as liquidated damages, such sum being agreed upon as liquidated damages for the failure of Buyer to close as required by the terms and provisions of this Agreement and because of the difficulty, inconvenience and uncertainty of ascertaining actual damages.

In the event Seller fails or refuses to perform in accordance with the terms of this Agreement, then, and in that event, Buyer shall have, as its sole and exclusive remedies, the right to either terminate this Agreement and receive back the Earnest Money, or to enforce specific performance of Seller’s obligation to convey the Property, but in its then physical condition.

18. **No Real Estate Commissions.** Each party represents and warrants to the other that no broker or agent represents them in this Agreement and that no real estate commissions or other amounts will be owed to any third party claiming to represent such party in this Agreement.

19. **Entire Agreement.** This Agreement contains all agreements between the parties regarding the Property, and no agreement not contained herein shall be recognized by the parties.

20. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, legal representatives, successors and assigns.

21. **Time of Essence.** Time is of the essence of this Agreement.

22. **Legal Holidays.** Notwithstanding anything herein to the contrary, if the final date of any period, any date of performance or any deadline date which is set forth in this Agreement falls on a Saturday, Sunday, federal legal holiday or day in which Buyer is closed for business, then such date shall be extended to the next following date which is not a Saturday, Sunday, federal legal holiday or day in which Buyer is not closed for business.

23. **Counterparts/Electronically Transmitted Signatures.** This Agreement may be executed in one (1) or more counterparts, each of which when taken together shall constitute but one and the same Agreement. Signed copies of this Agreement transmitted by electronic means (pdf email, fax, etc) and any electronic signatures shall constitute originals for all purposes.

24. **Tax-Deferred Exchange.** If Seller requests, Buyer shall cooperate with Seller in effecting Seller’s exchange under a Tax Deferred Exchange under §1031 of the Internal Revenue Code pursuant to which Seller will sell the Property; provided, however, (i) the exchange shall be at no expense to Buyer; (ii) the exchange shall not delay the Closing; (iii) Seller shall continue to be liable for all obligations under this Agreement; and (iv) Buyer shall not be required to receive title from an exchange intermediary, acquire title to any proposed exchange properties or to incur any liability to accommodate Seller’s exchange. Seller shall indemnify, defend and hold Buyer harmless from
and against any and all claims, demands, costs and expenses which Buyer may sustain or incur resulting from the consummation of the transfer of the Property as a §1031 exchange rather than a sale, which obligation shall survive Closing.

25. **No Prohibited Persons/Entities.** Seller represents and warrants to Buyer that Seller is not (i) an employee of the San Antonio Water System, (ii) the spouse or domestic partner of an employee of the San Antonio Water System or (iii) an entity in which an employee of the San Antonio System or spouse or domestic partner of an employee of the San Antonio Water System owns ten percent (10%) or more of the voting stock or fair market value of the entity. The violation of this provision or determination by Buyer that the Seller is a prohibited person/entity as set forth hereinabove shall render this Agreement voidable by the President/CEO or Board of Trustees of the San Antonio Water System.

26. **Property Condition.** EXCEPT AS EXPRESSLY PROVIDED IN PARAGRAPH 14 OF THIS AGREEMENT, BUYER ACKNOWLEDGES THAT SELLER HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATIONS AS TO THE PHYSICAL CONDITION OR ANY OTHER MATTERS AFFECTING OR RELATING TO THE PROPERTY (OTHER THAN THE SPECIAL WARRANTY OF TITLE), THAT BUYER IS NOT RELYING ON ANY SUCH REPRESENTATION OF SELLER, AND THAT BUYER IS RELYING ENTIRELY ON BUYER’S INSPECTION AND INVESTIGATION OF THE PROPERTY WITH RESPECT TO ALL SUCH MATTERS. TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PROPERTY WILL BE CONVEYED “AS IS” AND “WITH ALL FAULTS,” AND SELLER EXPRESSLY DISCLAIMS, AND BUYER ACKNOWLEDGES AND ACCEPTS THAT SELLER HAS DISCLAIMED, ANY AND ALL REPRESENTATIONS, WARRANTIES, OR GUARANTEES OF ANY KIND, ORAL OR WRITTEN, EXPRESS OR IMPLIED (OTHER THAN THE SPECIAL WARRANTY OF TITLE CONTAINED IN THE DEED) CONCERNING THE PROPERTY, INCLUDING, WITHOUT LIMITATION: (i) THE VALUE, CONDITION, MERCHANTABILITY, HABITABILITY, MARKETABILITY, PROFITABILITY, SUITABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE OF THE PROPERTY; (ii) ANY ENVIRONMENTAL MATTERS RELATING TO THE PROPERTY; AND (iii) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY. BUYER AND SELLER AGREE THAT THE PROVISIONS OF THIS PARAGRAPH SHALL SURVIVE THE CLOSING OF THE TRANSACTION AND APPEAR IN THE DEED.

(SIGNATURE PAGE FOLLOWS)
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates which are set forth above their respective signatures

EXECUTED by Seller on October 18, 2017.

Seller:

16795, Ltd, a Texas limited partnership

By: Georgetown 29 Management, LLC, a Texas limited liability company; its general partner

By: [Signature]
Name: Robert Tramutola
Title: Manager

EXECUTED by Buyer on October 20, 2017.

Buyer:

CITY OF SAN ANTONIO, ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM

By: [Signature]
Name: Nancy Bellisky
Title: Vice President and General Counsel

Exhibits:

Exhibit A – Property description
Exhibit B – Form of Deed
RECEIPT OF EARNEST MONEY

Alamo Title Company ("Title Company") acknowledges receipt of $15,000.00 as Earnest Money under the foregoing Purchase Agreement. Title Company will promptly deposit the Earnest Money in an interest bearing account and hold the Earnest Money in escrow pending disbursement instructions from the parties in accordance with the terms of the Agreement. The undersigned will promptly notify the parties if these instructions are for any reason not carried out.

Alamo Title Company

By: [Signature]

Date: Oct 23, 2017

GF#: 4004111701865
EXHIBIT A

Property Description

See following pages
STATE OF TEXAS
COUNTY OF BEXAR

PREPARED FOR: Falcon International Bank - Seller
Mike Weeks, Jr. - Buyer

FIELD NOTES TO DESCRIBE

A 283.27 Acre Tract of land situated in the City of San Antonio in Bexar County, Texas, out of Abstract No. S. Jose A. de la Garza, original grantee, County Block 4036, and being all of a 291.02 Acre Tract conveyed from Real Fortune, Ltd. to Falcon International Bank by deed dated March 3, 2009 and recorded in Volume 13885, Page 1141 of the Official Public Records of Bexar County, Texas, and being more particularly described as follows:

BEGINNING: At a 1½” cedar post found in the West line of U.S. Highway 281 for the upper Southeast corner of a 1030.122 Acre Tract (Volume 12749, Page 951, Official Public Records) and the Northeast corner of this tract from which a found concrete marker bears N 00° 38' 01" W 37.52 feet;

THENCE: With fence and the West line of said highway and the East line of this tract as follows:

S 00° 38' 01" E 4867.57 feet to a concrete highway marker found for an angle point of this tract;

S 24° 14' 23" W 213.82 feet to a 1½” iron pin found by a railroad tie post for an angle point of this tract;

S 00° 50' 49" E 396.80 feet to a concrete highway marker found for the Southeast corner of this tract;

THENCE: With the North and East line of the Medina River and the South line of this tract as follows:

S 40° 06' 00" W 133.05 feet to an angle point;

S 25° 14' 21" W 123.56 feet to an angle point;

S 07° 31' 00" E 253.03 feet to an angle point;

S 16° 30' 03" W 31.03 feet to an angle point;

S 49° 02' 01" W 41.22 feet to an angle point;

S 88° 27'.01" W 297.28 feet to an angle point;

N 50° 21' 48" W 95.31 feet to an angle point;

N 02° 19' 04" W 90.75 feet to an angle point;

N 14° 25' 53" E 202.14 feet to an angle point;

N 02° 32' 16" W 127.68 feet to an angle point;

N 40° 53' 26" W 129.37 feet to an angle point;

N 35° 30' 30" E 162.29 feet to an angle point;

N 51° 25' 07" E 103.26 feet to an angle point;

N 62° 56' 59" E 70.00 feet to an angle point;

02° 54' 05" W 135.41 feet to an angle point;

N 25° 27' 38" W 260.82 feet to an angle point;

N 22° 32' 32" W 147.01 feet to an angle point;

N 32° 56' 00" W 139.16 feet to an angle point.
283.27 Acre Tract - Falcon International Bank to Mike Weeks, Jr.

THENCE: With the center of Mitchell Creek, the Northeast line of said 1030.122 Acre Tract, and continuing with the Southwest line of this tract as follows:

N 06° 32' 50" W 388.65 feet to an angle point;
N 33° 50' 24" W 291.33 feet to an angle point;
N 15° 07' 49" W 91.36 feet to an angle point;
N 23° 29' 36" E 64.39 feet to an angle point;
N 07° 17' 58" W 189.05 feet to an angle point;
N 04° 55' 54" W 175.26 feet to an angle point;
N 69° 51' 44" W 203.66 feet to an angle point;
N 80° 22' 10" W 113.60 feet to an angle point;
S 87° 56' 09" W 162.29 feet to an angle point;
N 69° 35' 00" W 108.59 feet to an angle point;
N 31° 07' 22" W 139.10 feet to an angle point;
N 03° 40' 23" E 125.75 feet to an angle point;
N 34° 32' 44" W 256.98 feet to an angle point;
N 69° 45' 02" W 114.85 feet to an angle point;
N 56° 59' 41" W 155.54 feet to an angle point;
N 59° 10' 51" W 460.07 feet to an angle point;
N 77° 41' 10" W 43.15 feet to an angle point;
N 50° 53' 48" W 110.81 feet to an angle point;
S 86° 52' 17" W 134.47 feet to an angle point;
N 71° 12' 12" W 96.26 feet to an angle point;
N 50° 16' 53" W 136.89 feet to an angle point;
N 31° 52' 27" W 222.57 feet to an angle point;
N 30° 08' 11" W 157.93 feet to an angle point;
N 50° 30' 00" W 132.82 feet to an angle point;
N 35° 27' 36" W 125.28 feet to an angle point;
N 51° 41' 07" W 287.10 feet to an angle point;
N 88° 35' 54" W 89.96 feet to an angle point;
N 22° 16' 06" W 272.73 feet to an angle point;
N 3° 36' 35" E 76.61 feet to an angle point;
N 26° 35' 56" W 148.88 feet to an angle point;
N 08° 23' 49" W 116.39 feet to an angle point;
283.27 Acre Tract – Falcon International Bank to Mike Weeks, Jr.

N 12° 10' 39" W 206.27 feet to an angle point;
N 14° 05' 59" E 96.88 feet to an angle point;
N 00° 07' 19" W 152.04 feet to an angle point;
N 13° 30' 16" W 139.24 feet to an angle point;
N 44° 49' 21" W 632.13 feet to an interior corner of said 1030.122 Acre Tract and the Southwest corner of this tract;

THEN:
N 33° 11' 18" E 286.71 feet in part with fence at 10.22 feet pass a 4" cadar post, continuing to a 3/4" iron pin set by a 10" creosote post for an interior corner of said 1030.122 Acre Tract and the Northwest corner of this tract;

THEN:
S 89° 07' 16" E 3936.06 feet with fence to the POINT OF BEGINNING.

Bearings shown herein are from GPS observations Texas Coordinate System NAD 83.

I hereby certify that the foregoing field note description and accompanying plat were prepared from an actual survey performed on the ground, under my supervision and that to the best of my belief and knowledge they are true and correct.

This the 27th day of August, 2014.

[Signature]

Keith Howard, R.P.L.S. No. 5949
Howard Surveying, LLC
402 State Highway 173 South
Hondo, Texas 78861
(830) 426-4776

Page 3 of 3
EXHIBIT B

Form of Deed

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

SPECIAL WARRANTY DEED

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF BEXAR §
§

THAT THE UNDERSIGNED, 16795, LTD., A TEXAS LIMITED PARTNERSHIP (referred to herein as "Grantor"), for and in consideration of the sum of TEN DOLLARS ($10.00) cash, and other good and valuable consideration paid to Grantor by the SAN ANTONIO WATER SYSTEM, the receipt and sufficiency of which are hereby fully acknowledged and confessed, has GRANTED, SOLD and CONVEYED, and by these presents does hereby GRANT, SELL and CONVEY unto THE CITY OF SAN ANTONIO, a Texas municipal corporation, for the use, benefit and control of its SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ("Grantee"), as such and their successors in office appointed by the City Council of the said City of San Antonio as provided in Ordinance No. 75686, adopted at a regular meeting of said council, April 30, 1992, that certain ___ acre tract(s) of land in Bexar County more particularly described in Exhibit A attached hereto and incorporated herein together with all improvements thereon and all water rights and claims of water rights of any nature related to said Land (the "Land" and collectively with the Supplemental Property, the "Property"),

TO HAVE AND TO HOLD the Land, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, its successors and assigns forever; and Grantor does hereby bind Grantor and Grantor's successors to WARRANT AND FOREVER DEFEND all and singular the Land, subject to those matters set forth in Exhibit B (the "Permitted Exceptions"), unto the said Grantee, and Grantee's successors and assigns, against every person whomsoever claiming or to claim the same or any part thereof, when such claim is by, through or under Grantor, but not otherwise.

Further, Grantor (subject only to the Permitted Exceptions), hereby BARGAINS, SELLS, AND CONVEYS unto the Grantee all of Grantor's right, title and interest in and to all other privileges and appurtenances pertaining to the Land, including, but not limited to, strips between the Land and abutting properties, and in any street, highway, alley, easement or right of way, existing or proposed, on, adjacent or appurtenant to the Land, and any right of reversion related to the Land (collectively, the "Supplemental Property"), TO HAVE AND TO HOLD it unto Grantee, and Grantee's heirs, successors, and assigns forever, together with all and singular, the rights and appurtenances thereto in anywise belonging, without express or implied warranty. All warranties
that might arise by common law as well as the warranties in Section 5.023 of the Texas Property Code (or its successor) are excluded from the conveyance of the Supplemental Property.

Grantor reserves for itself and its successors and assigns all of the oil, gas, and other minerals in, on, and under and that may be produced from the Land, but Grantor waives for itself and its successors and assigns all right to access, enter upon, or use the surface or subsurface of the Land for exploration, development, and production of such oil, gas, and other minerals.

Ad valorem taxes have been prorated to the effective date hereof. Ad valorem taxes and special assessments, if any, against the Property for the period up to and including the effective date hereof shall remain the responsibility of the Grantor.

GRANTEE ACKNOWLEDGES THAT, EXCEPT AS EXPRESSLY PROVIDED IN THAT CERTAIN PURCHASE AGREEMENT BETWEEN GRANTOR AS SELLER AND GRANTEE AS BUYER DATED EFFECTIVE ____________, GRANTOR HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATIONS AS TO THE PHYSICAL CONDITION OR ANY OTHER MATTERS AFFECTING OR RELATING TO THE PROPERTY (OTHER THAN THE SPECIAL WARRANTY OF TITLE), THAT GRANTEE IS NOT RELYING ON ANY SUCH REPRESENTATION OF GRANTOR, AND THAT GRANTEE IS RELYING ENTIRELY ON GRANTEE’S INSPECTION AND INVESTIGATION OF THE PROPERTY WITH RESPECT TO ALL SUCH MATTERS. TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PROPERTY IS BEING CONVEYED “AS IS” AND “WITH ALL FAULTS,” AND GRANTOR EXPRESSLY DISCLAIMS, AND GRANTEE ACKNOWLEDGES AND ACCEPTS THAT GRANTOR HAS DISCLAIMED, ANY AND ALL REPRESENTATIONS, WARRANTIES, OR GUARANTIES OF ANY KIND, ORAL OR WRITTEN, EXPRESS OR IMPLIED (OTHER THAN THE SPECIAL WARRANTY OF TITLE CONTAINED HEREIN) CONCERNING THE PROPERTY, INCLUDING, WITHOUT LIMITATION: (I) THE VALUE, CONDITION, MERCHANTABILITY, HABITABILITY, MARKETABILITY, PROFITABILITY, SUITABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE OF THE PROPERTY; (II) ANY ENVIRONMENTAL MATTERS RELATING TO THE PROPERTY; AND (III) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY.

[SIGNATURE PAGE FOLLOWS]
EXECUTED to be effective the _____ day of _____________, 2018.

GRANTOR:

16795, Ltd, a Texas limited partnership

By: Georgetown 29 Management, LLC, a Texas limited liability company, its general partner

By: _______________________
Name: _______________________
Title: _______________________

STATE OF TEXAS

COUNTY OF _____________

This instrument was acknowledged before me on this ________ day of _____________, 2018, by ________, __________________ of Georgetown 29 Management, LLC, a Texas limited liability company, as general partner of 16795, Ltd., a Texas limited partnership.

[Seal]

Notary Public, State of Texas

AFTER RECORDING, PLEASE RETURN TO:

San Antonio Water System
Attn: Mark Brewton
P.O. Box 2449
San Antonio, Texas 78298
TO:                   San Antonio Water System Board of Trustees

FROM:                Philip C. Campos, Jr., Director, Contracting, Yvonne Torres, Director, Purchasing, Nancy Belinsky, Vice President/General Counsel, and Doug Evanson, Senior Vice President/Chief Financial Officer

THROUGH:             Robert R. Puente, President/Chief Executive Officer

SUBJECT:             AMENDMENT TO THE PURCHASING AND CONTRACTING POLICY

Board Action Date: January 9, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution amends the Purchasing and Contracting Policy. These amendments are in the best interest of the San Antonio Water System (the “System”) using Prudent Utility Practices (as defined in City Ordinance No. 75686, and referred to herein as the “Creation Ordinance”), in compliance with the Creation Ordinance and applicable law, to improve efficiency of the System.

The amendment to the Purchasing and Contracting Policy includes the following material changes:

• Raise the approval threshold for the President/Chief Executive Officer or his designated representatives(s), as allowed by law, to approve and execute all contracts for goods and services from the current $50,000.00 threshold to $100,000.00.

• Unless otherwise required by law, amendments greater than $100,000.00 will be presented to the Board of Trustees of the System (the “Board”) for consideration for approval.

• In prior years, the Board authorized an annual administrative approval for amendments up to $25,000.00 for each contract previously presented to the Board, with an annual limit for all amendments not to exceed $100,000.00. This action would eliminate the need for this annual administrative authority.

• Authorize the President/Chief Executive Officer to determine and approve the selection criteria and the weighted value for each criterion for any Alternative Delivery Construction procurement, on a case by case basis.

• Authorize the administrative approval of recapitulation (recap) change orders that historically have been presented to the Board when funds are returned to the System as part of the construction closing process.

• Update the policy to conform to changes in law, including new procurement techniques and alternative delivery methods.
Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

This resolution is anticipated to improve efficiency of the System; there are no direct costs associated with the approval of this resolution.

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Philip C. Campos, Jr.
Director
Contracting

Nancy Belinsky
Vice President/General Counsel

Yvonne Torres
Director
Purchasing

Doug Evanson
Senior Vice President/Chief Financial Officer

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Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AMENDING THE PURCHASING AND CONTRACTING POLICY OF THE SAN ANTONIO WATER SYSTEM (POLICY); FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (the “System”) Board of Trustees (the “Board”) has approved a Purchasing and Contracting Policy, which was last amended in September 2007; and

WHEREAS, the Board, using Prudent Utility Practice (as defined in City Ordinance 75686, and referred to herein as the “Creation Ordinance”), to further the best interest of the System, and in compliance with the Creation Ordinance and applicable law, wishes to improve the efficiency of awarding, approving, executing and closing all contracts for goods and services for the System; and

WHEREAS, the Board desires to amend the Purchasing and Contracting Policy to incorporate the additions and deletions as shown in the draft Purchasing and Contracting Policy in substantially the form of Attachment 1 hereto.

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the San Antonio Water System Purchasing and Contracting Policy is hereby amended to reflect the additions and deletions shown in substantially the form of Attachment 1 to this resolution.

2. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 552 Government code.

3. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to our limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

4. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 9th day of January, 2018.

______________________________
Berto Guerra, Jr., Chairman

ATTEST:

_______________________________
Ernesto Arrellano, Jr., Secretary

Attachment:
1. Revised Purchasing and Contracting Policy
Attachment 1
PURCHASING AND CONTRACTING POLICY
OF THE
SAN ANTONIO WATER SYSTEM

I. PURPOSE

The purpose of the Purchasing and Contracting Policy of the San Antonio Water System (SAWS or the “System”) is to establish a framework for and provide guidance to management in developing and implementing procedures relating to the procurement of goods and services including but not limited to construction and professional services.

II. SCOPE

This policy is intended to apply to functions and activities which ultimately result in the expenditure of funds under the fiduciary management and control of the Board of Trustees. As such, this policy specifically applies to the:

• purchase of goods and services,
• obtaining of construction services,
• obtaining of professional services,
• procurement of other services
• processing of unsolicited proposals which may result in the expenditure of funds, cost savings, or the generation of revenue.

This policy is not intended to address the purchase or lease of real property except to the extent that policies and procedures related to unsolicited proposals are applicable. Changes to this policy require approval of the San Antonio Water System Board of Trustees.

III. OBJECTIVES

The Purchasing and Contracting Policy has three major objectives which are stated in order of priority:

1. **Legal Compliance** - to assure that financial resources of the System are obligated and expended in accordance with all applicable laws, rules, and regulations.

2. **Definitive Requirements** - to assure that the needs of the System are clearly and consistently identified to potential providers of goods and services, construction activities, professional and other services.
3. **Accessible Process** - To assure that the purchasing and contracting process is open and accessible to all parties interested in providing goods and services to the System.

IV. **OBJECTIVE PROCESS MANAGEMENT**

“Legal Compliance” will be achieved through use of appropriate forms, training of personnel, and in consultation with the Legal organization. Parameters governing the implementation of this policy are as set forth in any applicable law, rules, ordinances and regulations.

“Definitive Requirements” for solicitations to procure goods or services will be identified through the use of procurement requests with specific descriptions, detailed specifications and drawings, references to industry standards, vendor information as applicable to the specific procurement, and general terms and conditions of the procurement.

“Accessible Process” is emphasized through the Small, Minority, Woman, and Veteran Business Program (SMWVB). The Program Administrator will assist in promoting the widest possible dissemination of solicitations to SMWVB companies. The program administrator will also be responsible for compilation and distribution of appropriate reports.

V. **AWARD OF CONTRACT**

**Goods and Services**

The award of any contract for the purchase of goods and services resulting in an expenditure of System funds in excess of $100,000.00, shall require approval of the Board of Trustees.

Contracts for purchases of amounts up to $100,000.00, may be approved, awarded, and executed by the President/Chief Executive Officer or his designated representative(s), consistent with internal procedures and guidelines.

The basis for the bidding and award of a contract for the provision of goods and services shall be in accordance with all applicable law, including but not limited to, Chapters 252 and 271 of the Local Government Code and be through acceptance of the lowest responsible bid or bid deemed to be the “Best Value” or any other applicable selection method allowed by law.

Contracts procured subject to the minimum and maximum thresholds provided for in Texas Local Government Code Section 252.0215 regarding SMWVB participation shall be sought on a competitive basis from no less than two providers, when available, of the desired goods and services, unless an emergency condition exists, or limited sources are available.
Goods and services may be exempted from competitive bidding requirements to the extent exempted by law.

Purchases less than the required minimum threshold amounts in Chapters 252 and 271 of the Local Government Code, may be awarded by management consistent with internal procedures and guidelines without competitive bids.

Bidding thresholds in Chapters 252 and 271 of the Local Government Code are subject to change automatically as allowed by state statutes. Separate, sequential, or component purchases to avoid compliance with state statutes is a Class B misdemeanor in the State of Texas and is punishable accordingly.

Extensions set out in the contract may be administratively executed if provided for in the budget and meet certain criteria.

The Purchasing and Contracting Directors, in consultation with the user groups shall approve the selection criteria and the weighted value of each criteria on a case by case basis.

**State of Texas, City of San Antonio or Other Governmental Agency Contracts**

Procurements of goods and services may be made through either State of Texas, City of San Antonio, or other Governmental Agency contracts or Co-operatives when it is deemed to be economically advantageous and when all statutory requirements are determined to have been met by the respective governmental body consistent with policies/guidelines.

**Construction Services**

The award of any contract for construction services resulting in an expenditure of System funds in excess $100,000.00, shall require approval of the Board of Trustees.

Construction service contracts up to $100,000.00, may be approved, awarded and executed by the President/Chief Executive Officer or his designated representative(s), consistent with internal procedures and guidelines.

The basis for the award of a contract for the provision of construction services shall be consistent with Chapters 252 and 271 of the Local Government Code, or Chapter 2269 of the Texas Government Code, or any other method permitted by law.

Reasonable efforts should be used to seek competitive bids or proposals from no less than three providers of the desired services, unless an emergency condition exists or limited sources are available.

The President/CEO has the authority to approve the use of Alternative Delivery Construction procurement methods under Chapter 2269 of the Texas Government Code.
Code and the selection criteria and weighted value for each criteria on a case by case basis.

**Professional Services Procurement Act**

Professional Services covered by Chapter 2254 as amended, of the Government Code, (the “Professional Services Procurement Act”), shall be entered into pursuant to the requirements of the statute and in accordance to internal procedures and guidelines. Such services requiring funds in excess of $100,000.00, shall require approval of the Board of Trustees.

Contracts for professional services up to $100,000.00 may be approved, awarded and executed by the President/Chief Executive Officer or his designated representative(s), pursuant to the requirements of the statute and in accordance to internal procedures and guidelines.

The Purchasing and Contracting Directors, in consultation with the user groups shall approve the selection criteria and the weighted value of each criteria on a case by case basis.

**Other Professional Services**

Contracts for professional services other than the professional services covered by the Professional Services Procurement Act, shall be entered into pursuant to the requirements of any applicable statute and in accordance to internal procedures and guidelines. Such services requiring funds in excess of $100,000.00 shall require approval of the Board of Trustees.

Those contracts for such professional services up to $100,000.00, may be approved, awarded, and executed by the President/Chief Executive Officer or his designated representative(s) and shall be entered into pursuant to the requirements of any applicable statute and in accordance to internal procedures and guidelines.

The basis for the award of a contract for the provision of professional services shall be through a “best value determination.” Best value determination involves selecting the firm providing the greatest value for the purpose intended. In determining best value, the System will seek to obtain the most effective combination of:

- features and characteristics of the offered service;
- firm's qualifications and experience;
- performance terms and conditions;
- fees, if applicable;
- support for Affirmative Action Policies; and
• support for Small, Minority, Woman and Veteran Business Program.

Reasonable efforts should be used to seek competitive proposals from no less than three providers of the desired services, unless an emergency condition exists or limited sources are available.

The Purchasing and Contracting Directors, in consultation with the user groups shall approve the selection criteria and the weighted value of each criteria on a case by case basis.

Other Services

The solicitation and award of any contract for other services shall be entered into pursuant to the requirements of any applicable statute and in accordance to internal procedures and guidelines. Such services resulting in an expenditure of System funds in excess of $100,000.00 shall require approval of the Board of Trustees.

Contracts for other services up to $100,000.00, will be approved, awarded and executed by the President/Chief Executive Officer or his designated representative(s), pursuant to the requirements of any applicable statute and in accordance to internal procedures and guidelines.

The basis for the award of a contract for the provision of other services shall be through the competitive bid, competitive proposal or best value process, or as may be allowed or required by applicable laws.

The Purchasing and Contracting Directors, in consultation with the user groups shall approve the selection criteria and the weighted value of each criteria on a case by case basis.

Change Orders and Amendments to Contracts

Change orders for goods and services (other than Professional Services, or as otherwise exempted under Chapter 252 of the Local Government Code, or Chapter 2269 of the Texas Government Code, or other applicable law) exceeding the threshold amount established in Section 252.048 and 271.060 for change orders in the Local Government Code, as amended, shall require approval of the Board of Trustees.

Change orders less than the threshold amount established for change orders in Section 252.048 and 271.060 of the Local Government Code, as amended, or as may be provided under Texas Government Code Chapter 2269, may be approved and executed by the President/Chief Executive Officer or his designated representative(s), consistent with internal procedures and guidelines.

The aggregate value of change orders for contracts solicited pursuant to Chapter 252 or 271 of the Local Government Code, may not increase the original contract price by more than the percentage amount established in Sections 252.048 and 271.060 of
the Local Government Code, as amended. Unless otherwise provided under law, such limitations shall not apply to contracts procured under Texas Government Code, Chapter 2269.

Amendments shall be entered into pursuant to the requirements of any applicable statute and in accordance to internal procedures and guidelines. Such amendments resulting in an expenditure of System funds in excess of $100,000.00 per year shall require approval of the Board of Trustees.

Amendments to contracts for up to $100,000.00 per year, may be approved and executed by the President/Chief Executive Officer or his designated representative(s), pursuant to the requirements of any applicable statute and in accordance to internal procedures and guidelines.

Recapitulation change orders for construction service contracts do not require approval of the Board of Trustees.

**Petty Cash**

Miscellaneous non-inventory items may be purchased on a cash basis in accordance to the Petty Cash Procedure.

**Procurement Card**

P-cards will not be used to circumvent the procurement process procedures.

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**EXCEPTIONS TO POLICY**

**Emergency Procurements**

An exception to the above described process for the award of contracts may be allowed when in compliance with applicable law. Such immediate action may be required when: (1) a public calamity exists that requires the immediate obligation or expenditure of funds to relieve the necessity of the System’s customers or to preserve the property of the System; (2) unforeseen damage to public machinery, equipment, or other property may occur; or (3) to preserve and protect the public health and safety of System’s customers or citizens of the City.

The authority to award, approve and execute such emergency purchases is delegated to the President/Chief Executive Officer or his designated representative(s), consistent with internal procedures and guidelines. Such emergency actions shall be subsequently presented to the Board of Trustees for ratification in a timely fashion, if such actions result in an expenditure of System funds in excess of $100,000.00.

**Unsolicited Proposals**

Recognizing that, from time to time, SAWS will receive proposals not in response to a specific or identified need; this policy establishes a framework and provides
guidance to System staff in the development and implementation of an administrative process to evaluate unsolicited proposals.

Objective

The objective of this policy is to provide a consistent, comprehensive and ethical means for the receipt, assessment and disposition of unsolicited proposals.

Policy Statement

Written Proposals submitted that are not in response to a specific SAWS request shall be defined as Unsolicited Proposals.

An Unsolicited Proposal shall be evaluated on its merits. Factors to be considered shall include, but not be limited to:

• compliance with legal and statutory requirements;
• consistency with prudent financial and business practices and requirements;
• conformance to SAWS policies; and,
• concordance with SAWS values.

Included in any procedure shall be the requirement for timely notification of any proposer of SAWS intended course of action with regard to his proposal.

Any provision contained herein notwithstanding, an Unsolicited Proposal received pursuant to Chapter 2267 of the Government Code shall be handled in accordance with the requirements of the statute.
PURCHASING AND CONTRACTING POLICY
OF THE
SAN ANTONIO WATER SYSTEM

I. PURPOSE

The purpose of the Purchasing and Contracting Policy of the San Antonio Water System (SAWS) or the “System”) is to establish a framework for and provide guidance to management in developing and implementing procedures relating to the procurement of goods and services and including but not limited to construction and professional services.

II. SCOPE

This policy is intended to apply to functions and activities which ultimately result in the expenditure of funds under the fiduciary management and control of the Board of Trustees. As such, this policy specifically applies to the:

- purchase of goods and services,
- obtaining of construction services,
- obtaining of professional services,
- procurement of other services
- processing of unsolicited proposals which may result in the expenditure of funds, cost savings, or the generation of revenue.

This policy is not intended to address the purchase or lease of real property except to the extent that policies and procedures related to unsolicited proposals are applicable. Changes to this policy require approval of the San Antonio Water System Board of Trustees.

III. OBJECTIVES

The Purchasing and Contracting Policy has three major objectives which are stated in order of priority:

1. Legal Compliance - to assure that financial resources of the System are obligated and expended in accordance with all applicable laws, rules, and regulations.

2. Definitive Requirements - to assure that the needs of the System are clearly and consistently identified to potential providers of goods and services, construction activities, professional and other services.
3. **Accessible Process** - To assure that the purchasing and contracting process is open and accessible to all parties interested in providing goods and services to the System.

IV. **OBJECTIVE PROCESS MANAGEMENT**

“Legal Compliance” will be achieved through use of appropriate forms, training of personnel, and scheduled meetings in consultation with the Legal organization. Parameters governing the implementation of this policy are as set forth in Sections 252 and 271 of the Local Government Code, Sections 2254-001 – 2254-005 Texas Government Code Title 10, City Charter of the City of San Antonio, and City Ordinances 75686, 44615, and 80394, 93519, 93760, any applicable City Ordinances, law, rules, ordinances and as amended regulations.

“Definitive Requirements” for solicitations to procure goods or services will be identified through the use of requisitions, procurement requests with specific descriptions, detailed specifications and drawings, references to industry standards, vendor information as applicable to the specific purchase procurement, and general terms and conditions of the purchase procurement.

“Accessible Process” is emphasized through the Small, Minority, and Woman, and Veteran Business Program (SMWBSMWVB). The Program Administrator will assist in promoting the widest possible dissemination of solicitations to SMWBSMWVB companies. The program administrator will also be responsible for compilation and distribution of appropriate reports.

V. **AWARD OF CONTRACT**

**Goods and Services**

The award of any contract for the purchase of goods and services resulting in an expenditure of System funds in excess of the threshold amount established in Section 252.021 of the Local Government Code, and as amended $100,000.00, shall require approval of the Board of Trustees. Such awards shall be known as “formal” awards.

Contracts for purchases of amounts less than the threshold amount established in Section 252.021 of the Local Government Code, and as amended up to $100,000.00, may be approved, awarded, and executed by the Purchasing Manager/President/Chief Executive Officer or his/her designee designated representative(s), consistent with internal procedures and guidelines. Such awards shall be known as “informal” awards.

The basis for the formal or informal bidding and award of a contract for the provision of goods and services shall be in accordance with all applicable law, including but not limited to, Chapters 252 and 271 of the Local Government Code and be through
acceptance of the lowest responsible competitive bid or bid deemed to be the “Best Value” or any other applicable selection method allowed by law.

Formal and informal bids greater than the required minimum threshold amount for SMWB contracts procured subject to the minimum and maximum thresholds provided for in Texas Local Government Code Section 252.0215 regarding SMWVB participation shall be sought on a competitive basis from no less than two providers, when available, of the desired goods and services, unless an emergency condition exists or limited sources are available.

Goods and services of a highly technical nature, contractual services or sole source services may be exempted from competitive bidding requirements to the extent exempted by law.

Purchases less than the required minimum threshold amount for SMWB participation amounts in Chapters 252 and 271 of the Local Government Code, may be awarded by management consistent with internal procedures and guidelines without competitive bids.

Bidding thresholds in Chapters 252 and 271 of the Local Government Code are subject to change automatically as allowed by state statutes. Splitting statutes, Separate, sequential, or component purchases to avoid compliance with state statutes is a Class B misdemeanor in the State of Texas and is punishable accordingly.

Extensions set out in the contract may be administratively executed if provided for in the budget and meet certain criteria.

The Purchasing and Contracting Directors, in consultation with the user groups shall approve the selection criteria and the weighted value of each criteria on a case by case basis.

State of Texas, City of San Antonio or Other Governmental Agency Contracts

Procurements of goods and services may be made through either State of Texas, City of San Antonio, or Other Governmental Agency Contracts or Cooperatives when it is deemed to be economically advantageous and when all statutory requirements are determined to have been met by the respective governmental body consistent with policies/guidelines, no further action is required by the San Antonio Water System Board of Trustees.

Construction Services

The award of any contract for construction services resulting in an expenditure of System funds in excess of the threshold amount established in Section 271.024 for construction contracts in the Local Government Code, and as amended $100,000.00, shall require approval of the Board of Trustees. Such awards shall be known as “formal” awards.
Contracts for less than the threshold amount established in Section 271.024 of the Local Government Code for construction service contracts, and as amended up to $100,000.00, may be approved, awarded and executed by the President/Chief Executive Officer or his designated representative(s), the Director of Contracting, or the Purchasing Manager consistent with internal procedures and guidelines. Such awards shall be known as “informal” awards.

The basis for the award of a contract for the provision of construction services shall be through acceptance of the lowest responsible bid obtained through a competitive bid process.

Change orders exceeding the threshold amount established in Section 252.048 for change orders in the Local Government Code, or Chapter 2269 of the Texas Government Code, and as amended, will be approved or any other method permitted by the Board of Trustees. Change orders less than the threshold amount established for change orders in Section 252.048 of the Local Government Code, and as amended, will be approved by the President/Chief Executive Officer, the Director of Contracting, or the Purchasing Manager consistent with internal procedures and guidelines. The aggregate value of change orders may not increase the original contract price by more than the percentage amount of the original contract price established in Section 271.060 of the Local Government Code, and as amended.

Formal and informal Reasonable efforts should be used to seek competitive bids shall be sought on a competitive basis or proposals from no less than three providers of the desired services, unless an emergency condition exists or limited sources are available.

The President/CEO has the authority to approve the use of Alternative Delivery Construction procurement methods under Chapter 2269 of the Texas Government Code and the selection criteria and weighted value for each criteria on a case by case basis.

Professional Services Procurement Act

Professional Services covered by Section 2254.004, and as amended, of the Government Code (the “Professional Services Procurement Act”), shall be entered into pursuant to the requirements of such Section—the statute and in accordance to internal procedures and guidelines. Such services requiring funds in excess of the threshold amount established in Section 252.021 of the Local Government Code, and as amended $100,000.00, shall require action by approval of the Board of Trustees. Such contracts shall be known as formal awards. Contracts for such professional services less than the threshold amount established in Section 252.024 up to $100,000.00 may be approved, awarded and executed by the President/Chief Executive Officer, or his designated representative(s), pursuant to the requirements of the statute and in accordance to internal procedures and guidelines.
The Purchasing and Contracting, or the Purchasing Manager consistent Directors, in consultation with internal procedures and guidelines. Such contracts shall be known as informal awards, the user groups shall approve the selection criteria and the weighted value of each criteria on a case by case basis.

Other Professional Services

Contracts for professional services other than the professional services covered by the Professional Services Procurement Act, shall be entered into pursuant to the requirements of any applicable statute and in accordance to internal procedures and guidelines. Such services requiring funds in excess of the threshold established in Section 252-021 §100,000.00 shall require approval of the Local Government Code, and as amended shall be awarded by the Board of Trustees. Such awards will be known as formal awards.

Those contracts for such professional services less than the threshold amount established in Section 252.021 of the Local Government Code, and as amended, up to $100,000.00, may be approved, awarded, and executed by the President/Chief Executive Officer, the Director of Contracting, or the Purchasing Manager consistent with his designated representative(s) and shall be entered into pursuant to the requirements of any applicable statute and in accordance to internal procedures and guidelines. Such awards will be known as informal awards.

The basis for the formal or informal award of a contract for the provision of professional services shall be through a "best value determination." Best value determination involves selecting the firm providing the greatest value for the purpose intended. In determining best value, the System will seek to obtain the most effective combination of:

- features and characteristics of the offered service;
- firm's qualifications and experience;
- performance terms and conditions;
- fees, if applicable;
- support for Affirmative Action Policies; and
- support for Small, Minority and Woman and Veteran Business Program.

Formal and informal proposals shall Reasonable efforts should be sought on a competitive basis proposals from no less than three providers of the desired services, unless an emergency condition exists or limited sources are available.
The Purchasing and Contracting Directors, in consultation with the user groups shall approve the selection criteria and the weighted value of each criteria on a case by case basis.

Other Services

The solicitation and award of any contract for other services shall be entered into pursuant to the requirements of any applicable statute and in accordance to internal procedures and guidelines. Such services resulting in an expenditure of System funds in excess of the threshold amount established in Chapter 252.021 of the Local Government Code, and as amended, $100,000.00 shall require approval of the Board of Trustees. Such awards shall be known as "formal" awards.

Contracts for less than the threshold amount in Chapter 252.021 of the Local Government Code, and as amended, may be approved, awarded and executed by the Purchasing Manager or his/her designee consistent with designated representative(s), pursuant to the requirements of any applicable statute and in accordance to internal procedures and guidelines. Such awards shall be known as “informal” awards.

The basis for the award of a contract for the provision of other services shall be through the competitive bid, competitive proposal or best value process, or as may be allowed or required by applicable laws and ordinances.

The Purchasing and Contracting Directors, in consultation with the user groups shall approve the selection criteria and the weighted value of each criteria on a case by case basis.

Change Orders and Amendments to Contracts

Change orders for goods and services (other than Professional Services, or as otherwise exempted under Chapter 252 of the Local Government Code, or Chapter 2269 of the Texas Government Code, or other applicable law) exceeding the threshold amount established in Section 252.048 and 271.060 for change orders in the Local Government Code, as amended, shall require approval of the Board of Trustees.

Change orders less than the threshold amount established for change orders in Section 252.048 and 271.060 of the Local Government Code, as amended, or as may be provided under Texas Government Code Chapter 2269, may be approved and executed by the President/Chief Executive Officer or his designated representative(s), consistent with internal procedures and guidelines.

The aggregate value of change orders for contracts solicited pursuant to Chapter 252 or 271 of the Local Government Code, may not increase the original contract price by more than the percentage amount established in Sections 252.048 and 271.060 of the Local Government Code, as amended. Unless otherwise provided under law,
such limitations shall not apply to contracts procured under Texas Government Code, Chapter 2269.

Amendments shall be entered into pursuant to the requirements of any applicable statute and in accordance to internal procedures and guidelines. Such amendments resulting in an expenditure of System funds in excess of $100,000.00 per year shall require approval of the Board of Trustees.

Amendments to contracts for up to $100,000.00 per year, may be approved and executed by the President/Chief Executive Officer or his designated representative(s), pursuant to the requirements of any applicable statute and in accordance to internal procedures and guidelines.

Recapitulation change orders for construction service contracts do not require approval of the Board of Trustees.

**Petty Cash**

Purchases less than $100.00 may be made without competitive bids or purchase order by using petty cash routines.

———Miscellaneous non-inventory items may be purchased on a cash basis in accordance to the Petty Cash Procedure.

**Procurement Card**

The Procurement Card (P-card) will be issued under Department Managers, Directors or Vice Presidents authority for the purpose of enhancing the procurement process to acquire goods and services from vendors who will not accept purchase orders and to expedite field or office projects. P-cards will not be used to circumvent the procurement process set out in this policy or for the non-emergency purchase of stock/contract items.

P-cards will not be used to circumvent the procurement process procedures.

**EXCEPTIONS TO POLICY**

**Emergency Procurements**

An exception to the above described process for the award of formal contracts may be allowed when in compliance with applicable law. Such immediate action may be required when: (1) a public calamity exists which requires the immediate obligation or expenditure of funds. Such immediate action may be required to relieve a condition negatively affecting the System’s customers, or to preserve the property of the System assets, or (2) unforeseen damage to public machinery, equipment, or other property may occur; or (3) to preserve and protect the public health and safety of System’s customers or citizens of the City.
The authority to **award, approve and execute** such emergency purchases is delegated to the President/Chief Executive Officer, the Director of Contracting, or the Purchasing Manager or his/her designee, designated representative(s), consistent with internal procedures and guidelines. Such emergency actions shall be subsequently presented to the Board of Trustees for ratification in a timely fashion, if required by this policy; such actions result in an expenditure of System funds in excess of $100,000.00.

Authority to execute informal emergency requests below the statutory formal amount resides with the concurrent approval of the affected Department Manager, Director, or Vice Presidents and the Purchasing Manager or his/her designee.

### Unsolicited Proposals

Recognizing that, from time to time, SAWS will receive proposals not in response to a specific or identified need; this policy establishes a framework and provides guidance to System staff in the development and implementation of an administrative process to evaluate unsolicited proposals.

#### Objective

The objective of this policy is to provide a consistent, comprehensive and ethical means for the receipt, assessment and disposition of unsolicited proposals.

#### Policy Statement

Written Proposals submitted that are not in response to a specific SAWS request shall be defined as Unsolicited Proposals.

An Unsolicited Proposal shall be evaluated on its merits. Factors to be considered shall include, but not be limited to:

- compliance with legal and statutory requirements;
- consistency with prudent financial and business practices and requirements;
- conformance to SAWS policies; and,
- concordance with SAWS values.

Included in any procedure shall be the requirement for timely notification of any proposer of SAWS intended course of action with regard to his proposal.

*Any provision contained herein notwithstanding, an Unsolicited Proposal received pursuant to Chapter 2267 of the Government Code shall be handled in accordance with the requirements of the statute.*