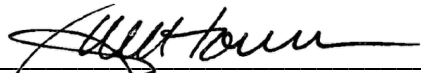




Procurement and Contract Policy & Procedure Manual

APPROVED:



Signature

General Manager

Title

April 29, 2022

Date

TABLE OF CONTENTS

Introduction	i
Ethics in Public Procurement	ii
Definitions	iv
Chapter 1: Procurement Card Procedures.....	1-1
Chapter 2: Procurement of Materials, Supplies, and Equipment.....	2-1
Chapter 3: Procurement of General Services	3-1
Chapter 4: Procurement of High Technology	4-1
Chapter 5: Procurement of Professional Services	5-1
Chapter 6: Procurement of Construction Services	6-1
Chapter 7: Exemptions from Competitive Procurement.....	7-1
Chapter 8: Delegation of Authority	8-1

TO BE DEVELOPED	
Alternative Procurement Methods of Construction.....	X
Procurement with Funds Received Under Federal or State Grants	X
Disposal of Surplus Personal Property.....	X
CONTRACT ADMINISTRATION	X
Contract Planning.....	X
Contract Initiation.....	X
Contract Management.....	X
Contract Records.....	X
PROCUREMENT and CONTRACT ADMINISTRATION.....	X
Progress Payments.....	X
Payable Tolerance.....	X
Capital Assets	X
Vendor Performance.....	X

INTRODUCTION

The purpose of this Manual is to establish guidelines and methods for managing the San Jacinto River Authority's (SJRA) procurement of goods and services in a manner that provides the best value to SJRA and is consistent with all applicable laws, regulations, and best practices. As stewards of public funds, we must be fiscally responsible and ensure that expenditures of funds are made in a uniform and economical manner.

This Manual is divided into chapters. Each chapter is a stand-alone document that may be amended or updated as needed without the need to update the entire Manual. Each chapter consists of sections that address purpose; definitions; statutory references, if applicable; Board policy; and procedures for all procurement activity within SJRA.

This Manual cannot address every situation. When an unusual circumstance arises, please consult with the Procurement staff, Procurement Manager, Director of Legal Services, or General Manager. If circumstances exist that do not allow for compliance with established policies and procedures, the General Manager may approve exceptions to this Manual when in the best interests of SJRA as long as they are consistent with state and federal law. The final authority for SJRA procurement is the law itself.

ETHICS IN PUBLIC PROCUREMENT

I. Policy

Board Resolution 2016-O-02 Adopting a Code of Ethics, Rules, Regulations, and Policies establishes the written policy for the Authority that governs how its Board of Directors, officers, investment officers, and employees shall conduct themselves so as to give no occasion for distrust of their integrity or of their devotion to the best interests of the Authority and the public purpose for which it was created.

II. Ethical Procurement Practices

Every SJRA employee must make procurement decisions in accordance with the highest standards of professionalism and to respect the values, objectives, and interests of the Authority. Each SJRA employee must adhere to the principles of fairness, impartiality, transparency, and stewardship; to avoid conflict of interest and any impropriety; and to respect and apply SJRA's relevant procurement policies, rules, and procedures.

A. Some ethical concepts and principles that relate to the procurement process are:

Ethical Principle	Explanation and examples
Loyalty and respect for rules and regulations	<ul style="list-style-type: none"> • Stand by decisions that are in SJRA's best interest even if they are unpopular. • Understand the procurement policies and procedures. • Know why the rules and regulations are necessary. • Know what caused the rules and regulations to be enacted. • Respect the need for the formality of rules and regulations. • Interpret and apply rules in accordance with their intent. • Be able to perform procurement responsibilities effectively and efficiently and still abide by the pertinent rules.
Integrity	<ul style="list-style-type: none"> • Uphold the mission of SJRA. • Demonstrate the values of SJRA, including impartiality, fairness, honesty, and truthfulness in daily activities and behaviors. • Act without consideration of personal gain. • Resist undue political pressure in decision making. • Do not abuse power or authority. • Take prompt action in cases of unprofessional or unethical behavior.
Impartiality and fairness	<ul style="list-style-type: none"> • Set aside all personal and organizational biases. • Give all qualified suppliers an opportunity to compete for SJRA's business. • Apply the same standards of evaluation to all the suppliers (equal treatment). <p>For example, if one supplier requests additional information, all suppliers should receive that information at the same time. Or, if one offer is</p>

Ethical Principle	Explanation and examples
	<p>disqualified in the evaluation process and the award placed with the next best priced offer, the reason for disqualifying the lower offer must be applied to all evaluations uniformly.</p> <p>Fairness implies being reasonable as well as impartial and treating SJRA’s contractors with professional, businesslike courtesy, as well as with strict adherence to the policies and procedures for conducting the transaction.</p>
Transparency	<p>Because public procurement involves the use of and accountability for public funds, transparency is paramount in all procurement activities.</p> <p>Except for confidential or proprietary information, SJRA employees should always assume that procurement activity is available to the public.</p>
Confidentiality	<p>Confidentiality might seem in contradiction with transparency, however, the way the overall procurement process is conducted needs to be clear and transparent, while confidential and proprietary data needs to remain confidential.</p> <p>An example of this is if SJRA received proposals containing trade secrets or proprietary information. Proposals (or portions of their proposals) that have been marked confidential by a company must be kept confidential so the company is confident that SJRA will not disclose information that would be beneficial to their competitors.</p>
Avoidance of appearance of impropriety	<p>SJRA employees must be constantly aware of how their actions appear to outside observers. SJRA employees should always behave in such a way that observers could not misconstrue their actions as improper.</p> <p>Acting properly in a “technical” sense is not enough; avoiding even the appearance of impropriety is also necessary. This appearance must be anticipated in the most conservative terms considering how varied all the SJRA stakeholders are: suppliers, corporations, utility districts, townships, municipalities, homeowners, and homeowner associations, etc.</p>
Due diligence	<p>Due diligence refers to carrying out duties carefully and thoroughly and avoiding careless practices or techniques. Due diligence requires that all procurement activities by SJRA employees be pursued in a manner that goes beyond the minimum effort. For example, SJRA should:</p> <ul style="list-style-type: none"> • check the references of potential suppliers • develop impartial evaluation criteria • carefully analyze the offers received • not cut corners for the sake of convenience.

DEFINITIONS

Addenda/Addendum. Written instruments issued by SJRA which clarify, correct, or change the solicitation requirements or the Contract Documents prior to the Proposal due date.

Amendment. A written alteration that is issued to modify or amend the terms and conditions of a construction contract or Purchase Order; or the terms, conditions, or scope of work in other types of agreements.

Bank. The financial institution selected by SJRA to serve as the clearing house for SJRA P-Card transactions. The Bank maintains the online reconciliation and reporting program.

Board of Directors (Board). The governing body of the Authority where each member is appointed by the Governor of the State of Texas.

Bonds.

Bid Bond. A bond required of a contractor that ensures that the general contractor will enter into the Agreement for which he has submitted a written bid/proposal/quotation.

Payment Bond. A required bond that ensures that all suppliers and subcontractors of the contractor will be paid for work and/or material supplied in the course of the Agreement.

Performance Bond. A required bond that guarantees contractor performance during the execution of the Agreement.

Maintenance Bond. A bond that may be requested for SJRA projects that ensures a completed project for a specified time (one year and/or two years) against defects and faults in materials, workmanship, and/or design that could arise later.

Surface Correction Bond. An optional bond that may be requested for SJRA projects to ensure the repair, replacement and restoration of any and all surface work associated with backfill operations or subsurface work not in accordance with the Agreement that is discovered within one year after the date that the one-year maintenance bond for the Project has expired.

Cardholder. A SJRA employee that has been issued a P-Card and who is authorized to make purchases in accordance with these procedures.

Change Order. A written alteration that is issued to modify or amend an Agreement or Purchase Order.

Competitive Sealed Bid (CSB). A formal written document that requests bidders to submit a firm price and delivery pursuant to the terms, conditions, specifications, and drawings of the bid documents.

Competitive Sealed Proposal (CSP). A formal written document requesting that potential contractors make an offer (proposal) for construction services to the Authority. Price is an essential evaluation criteria, but the CSP may stipulate other criteria and their relative importance.

Component Purchases. Purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase.

Consulting Services. The service of advising SJRA or performing studies, evaluations, or other under a contract that does not involve the traditional relationship of employer and employee.

Construction Services. Construction Services means labor, services, and materials provided in connection with the construction, alteration, demolition, or any other improvements to real property, works, improvements, facilities, plants, equipment, and related improvements for the Authority.

Construction Services Agreement. A mutually binding legal document for Construction Services obligating the Authority to pay for the material and labor as specified.

Contract. A mutually binding legal document obligating the Vendor to furnish goods and/or services and obligating the Authority to pay for the goods and/or services as specified. This may be an authorized Purchase Order in the absence of any other legal document executed by the parties.

Contract Documents. Those documents so designated in the Agreement, typically these include the solicitation, contractor's proposal, bonds, sealed technical specifications, sealed drawings, and Agreement form. Approved Shop Drawings, other Contractor submittals, and the reports and drawings of physical subsurface, geotechnical or environmental conditions are not Contract Documents.

Contract Manager. An SJRA employee responsible for managing contract deliverables, deadlines, and contract terms and conditions.

Division/Department Manager. An individual reporting to a member of Senior Management who is responsible for directing the planning, organizing, allocating of resources, and directing of day-to-day operations for a Department/Division within SJRA. In this chapter, the term "Division Manager" shall include Division Managers and General and Administration (G&A) Department Managers.

E-Marketplace System. A hosted system that provides automatic notification to companies interested in doing business with SJRA. Procurement is able to issue and receive electronic Proposals through the system.

Emergency. A situation requiring immediate purchase of goods and/or services in order to protect and preserve the public health and welfare or the facilities/infrastructure of the Authority, or to avoid an unreasonable economic loss to the Authority.

Engagement Letter. Contracting mechanism customarily used for certain Professional Services, such as legal, accounting, and financial advisory services.

Evergreen Contract. A software or hardware maintenance contract that automatically renews year-over-year after its initial term.

General Manager (GM). The General Manager of SJRA, or his or her designee.

General Services. General Services may include one-time service activities or regular maintenance and support services that are less complex and are anticipated, routine, or periodic. It is not construction or professional services and not subject to bonding requirements, wage scales, or other statutory requirements. Examples of General Services are landscaping services, janitorial services, and annual service contracts for equipment.

General Services Agreement. A written agreement that includes SJRA's standard terms and conditions plus any additional terms of service such as a description of the work, the price for the services, assurances, and insurance requirements. It can be used for a specific job, or it can be used for on-going services (annual services contract).

High Technology. Equipment, goods, or services of a highly technical nature, including: software; firmware for data processing equipment; telecommunications equipment and radio and microwave systems; electronic distributed control systems including building energy management systems; and technical services related to these items.

Maintenance Services. Maintenance Services includes scheduled and unscheduled labor, services, and materials provided in connection with repair or replacement of in-kind (substantially equivalent) equipment without having to significantly alter the structure or equipment in the process. Maintenance Services keeps the equipment working in its existing state to prevent its failure or decline.

Major Construction Services Agreement. A contracting mechanism for Construction Services valued at \$400,000 or greater based on the OPCC. These Agreements include SJRA's standard general conditions.

Manager. An individual who reports directly to a Division/Department Manager.

Master Professional Services Agreement (MPSA). Contract for multiple projects (not project-specific) with a Professional Services provider indicating the common terms, conditions, and services to be provided which are applicable to all subsequent Work Orders.

Materials, Supplies, and Equipment. Tangible property or assets that is used or consumed in the business operations for SJRA which may include spare parts or inventory items.

Minor Construction Services Agreement. A contracting mechanism for Construction Services valued at less than \$400,000 based on the OPCC.

Opinion of Probable Construction Cost (OPCC). The estimated total cost of construction provided by SJRA staff and/or consulting A/Es taking into consideration material and labor costs for the project. In some cases this will be the budget and in other cases it will be a more refined cost estimate.

Principal Architect/Engineer (A/E). A person licensed to engage in the practice of architecture or engineering in the State of Texas.

Procurement Card (P-Card). A credit card issued by SJRA's bank of choice for exclusive use by SJRA employees for SJRA business purchases.

Procurement Card Program (Program). The Procurement Card Program includes all aspects of the Program addressed in this chapter including, but not limited to the application process, proper use of the card, reconciliation, and approvals.

Professional Consulting Services Agreement (PCSA). Contract with a Professional Services provider indicating the common terms and conditions applicable to all subsequent WOs.

Professional Engineer (PE). A person licensed to engage in the practice of engineering in the State of Texas.

Professional Services. Services rendered by a person or firm that require specific education, experience, or licensure for one to attain competence and which call for a high order of intelligence, skill, and learning, including, but not limited to, those services identified under Section 2254.002, Texas Government Code.

Professional Services Agreement (PSA). Project-specific Contract with a Professional Services provider indicating the common terms and conditions applicable to all subsequent Work Orders.

Purchase Order (PO). A document issued to a specific vendor by procurement staff setting forth the descriptions, quantities, prices, discounts, payment terms, date of performance or shipment, and other terms and conditions related to provision of goods and/or services in the absence of any other legal document executed by the Parties. A PO records the financial obligation of the Authority to pay for the goods or services.

Program Administrator. The person in Procurement and/or Accounting responsible for Program set-up and function, including assisting Cardholders and managers with inquiries. Program

Administrators are named in the system used for the P-card Program and in the Cardholder Agreement.

Project. A project is a temporary endeavor undertaken to create a unique product, service, or result. It has a defined beginning and end in time, and therefore defined scope and resources.

Project Manager. A SJRA employee (typically in the Technical Services Department) that is responsible for the planning, procurement, and execution of a Project.

Proxy Reconciler. The designated person in each Division/Department that reconciles individual cardholder transactions on behalf of another person or a group of people in that Department/Division.

Public Building. Any building that is owned by a state agency, a political subdivision of the state, or any other public entity in Texas.

Public Works Project. A project that includes constructing, altering, or repairing a public building or carrying out or completing any public work.

Purchase Order (PO). A document issued to a specific Vendor by Procurement staff setting forth the descriptions, quantities, prices, discounts, payment terms, date of performance or shipment, and other terms and conditions related to the procurement of Materials, Supplies, and Equipment in the absence of any other legal document executed by the parties. A PO records the financial obligation of the Authority to pay for the Materials, Supplies, and Equipment ordered and properly received.

Registered Architect. A person registered to engage in the practice of architecture in the State of Texas.

Request for Bid (RFB). A formal written document that requests bidders submit a firm price and delivery pursuant to the terms, conditions, specifications, and drawings in the bid documents. The RFB is a traditional design-bid-build procurement method with an invitation to bid and award to the lowest responsible bidder.

Request for Competitive Sealed Proposal (CSP). A formal written document requesting that potential contractors make an offer (proposal) for Construction Services to the Authority. CSP is an alternative procurement method for Construction Services. Price is an essential evaluation criteria, but the CSP may stipulate other criteria and their relative importance.

Request for Quotes (RFQuote). An informal document providing uniform written specifications. Formal advertising is not required.

Request for Proposal (RFP). A formal written document requesting that potential Vendors and/or suppliers make an offer (proposal) for goods or services to SJRA. Price may be an evaluation criterion, and the RFP must stipulate all criteria and their relative importance.

Request for Quotes (RFQuote). An informal document providing uniform written specifications. Formal advertising is not required.

Request for Proposal (RFP). A formal written document requesting that potential contractors, consultants, vendors and/or suppliers make an offer (proposal) for services to the SJRA. Price may be an evaluation criterion, and the RFP must stipulate all criteria and their relative importance.

Request for Qualifications (RFQ). A formal written document used when soliciting the Professional Services of an architect, engineer or surveyor. Price *cannot* be an evaluation criterion, and the RFQ must stipulate all criteria and their relative importance.

San Jacinto River Authority (SJRA). A conservation and reclamation district of the State of Texas with general and administration offices located at 1577 Dam Site Road, Conroe, Texas 77304; same as SJRA; same as Authority.

Senior Manager. A member of the Senior Management Team as designated by the GM and currently consisting of the Director of Financial & Administrative Services, Director of Utility Operations, Director of Raw Water Operations, Director of Legal Services, and Director of Communications and Public Affairs.

Separate Purchases. Purchases, made separately, of items that in normal purchasing practices would be purchased in one purchase.

Sequential Purchases. Purchases, made over a period, of items that in normal purchasing practices would be purchased in one purchase.

Single Source. A procurement decision whereby purchases are directed to one source because of standardization, warranty, or other factors, even though other competitive sources may be available.

Sole Source. A non-competitive method of procurement used when only one Vendor possesses the unique ability or capability to meet the particular requirements of the entity or because only one Vendor is practicably available. SJRA may require a written justification from the end user explaining why only this supplier can fulfill the requirement.

Statement of Qualifications (SOQ). A SOQs is a firm's response to the SJRA's Request for Qualifications.

Stand-By Services Agreement. A contracting mechanism which may be used for annual term Agreements for Construction Services where indefinite quantities and indefinite deliveries are anticipated.

Supervisor. An individual who directly reports to a Manager.

Supervisory Control Data Acquisition (SCADA) and Instrumentation and Control Systems (I&C). A computer-based system of hardware and software that gathers real-time data to monitor and control plant operations either on-site or from a remote location.

Technology. Equipment, goods, or services purchased by the Information Technology and/or SCADA/I&C Department. See Chapter for Procurement of Technology.

Vendor. A person or business enterprise interested in doing business with SJRA or providing goods or services to SJRA as a fulfillment of a contract, Purchase Order, or P-Card purchase.

Work Order (WO). Contracting mechanism under a PSA, MPSA, or PCSA by which the scope, fee, and schedule for individual project assignments are defined.

ADMINISTRATIVE PROCEDURES	
Finance & Administration	Chapter 1: Procurement Card Procedures
Procurement Department	Effective Date: April 25, 2022
Authorization: {Jace Houston approval emailed 4/25/2022}	

I. PURPOSE

The Procurement Card Program is intended to streamline the purchasing and accounts payable process by reducing paperwork generated by small dollar, high volume transactions. Additionally, the Program allows spot purchases to be made by approved Cardholders while facilitating the quick payment to our Vendors.

II. STATUTORY REFERENCES

Not applicable

III. PROCEDURE

A. General.

The P-Card is a credit card provided to approved SJRA employees based on their need to make business-related purchases. The card is issued in the employee's name and the Cardholder is able to make tax-exempt purchases on behalf of SJRA. Although the P-Card is issued in the employee's name, it remains SJRA property and can be rescinded at any time. Authorized Cardholders are responsible for adhering to all other SJRA policies and procedures when using the card (procurement policies, travel policies, etc.)

B. Use of the Card.

1. Card Issuance.

1.1 P-Card Application. A SJRA employee may receive a P-Card after completing the P-Card Application Form (Exhibit A) and review and approval of the Cardholder Department/Division Manager and the General Manager. This application form sets the single transaction limit and monthly credit card limits for each Cardholder.

1.2 P-Card Agreement. Each employee issued a card must read this entire policy and procedure document carefully. It provides details for the appropriate use of the

card, security of the card, reconciliation and approval of transactions, and record-keeping procedures. Each Cardholder must sign a P-Card Agreement (Exhibit B) acknowledging they have read and understand these procedures.

- 1.3 Single Transaction Limit.** Every card has a single transaction limit imposed by the Cardholders Department/Division Manager. The total value of any transaction shall not exceed this single transaction limit. Purchases **shall not** be split into multiple transactions to stay within the single transaction limit.
 - 1.4 Monthly Credit Card Limit.** Every card has a monthly credit card limit imposed by the Cardholders Department/Division Manager. Once the value of the Cardholders transactions has exceeded the monthly credit card limit, the card will temporarily cease to work until the new monthly cycle starts over.
 - 1.5 Changes to the Limit(s).** Requests for permanent changes to the single transaction limit or the monthly credit card limit requires a new P-Card Change Request Form (Exhibit C) to be completed. Department/Division Managers may request temporary changes to Cardholders limits by emailing a Program Administrator. Urgent requests may be made by calling a Program Administrator but must be followed up by email.
 - 1.6 Security of the Card.** Each P-Card has a Cardholder's name embossed on the card and shall **only** be used by the Cardholder. NO OTHER PERSON IS AUTHORIZED to use that card. The Cardholder may make transactions on behalf of others in their department with the approval of a Department/Division Manager. However, the Cardholder is responsible for all use of his/her card.
- 2. Authorized Use.** Appropriate uses of the P-card include, but are not limited to:
- Office supplies
 - Emergency supplies (including personal hygiene items for use during an emergency only)
 - Food for meetings and travel
 - Tips for meals picked up at a local venue should not exceed 10%
 - Tips for delivered meals to SJRA offices should not exceed 10% if a delivery fee is included; and should not exceed 15% if a delivery fee is not included.
 - Tips for meals at restaurants should not exceed 20% (exceptional service)
 - Boots or other personal protective equipment (may include limits for authorized SJRA expense – consult with Risk Management)

- Advertisements and legal notices
- Freight and shipping charges when a Blanket Purchase Order (BPO) does not exist: Central Freight, DHS, FedEx, etc.
- Seminars, training, association memberships, registration
- Subscriptions and books
- Small miscellaneous purchases not exceeding the Cardholders limits

If there is a question on the appropriate use of the P-card, please contact your Manager or a Program Administrator prior to making the purchase.

3. Unauthorized Use. Examples of unauthorized use are:

- Alcoholic beverages
- Capital equipment
- Cash advances/travelers' checks
- Personal items
- Separate, sequential, or component purchases intended to circumvent the Procurement policies and procedures.
- EAM inventory purchases
- Purchases that are available through established annual contracts, price agreements, or blanket purchase orders.
- Fuel, fluids, or repairs for personal vehicles.
- Technology purchases (software, hardware, and peripherals). (Approved IT and SCADA/I&C personnel are allowed to use their P-card for high technology purchases – see the Procurement of High Technology Chapter).
- Any service(s) performed on SJRA property.

If there is a question on the appropriate use of the P-card, please contact your Manager or a Program Administrator prior to making the purchase.

4. Making a Purchase. The Cardholder is able to make a purchase in person, via telephone, internet, or mail. **At offsite meetings, the most senior person in attendance should make the purchase.** When making a purchase, the Cardholder may be required to provide the following information during the point of sale:

- Identification verifying the Cardholder is a SJRA employee
- Confirmation that the transaction is P-card purchase
- Cardholder name
- Individual card number
- Expiration date of card
- Security code on the back of the card

- Complete delivery address including building and room number
- Zip Code (77304)
- SJRA's sales tax exemption number

5. Receipts and Other Proof of Documentation. Documentation of all purchase transactions is mandatory. Receipts must support the legitimate business purpose. Receipts must be itemized at the point of sale. The following are examples of additional supporting documentation:

- Packing slips
- Copies of order forms or applications
- Cash register receipts
- Online confirmation of order

6. Lost or Misplaced Receipts. If the Cardholder has lost or misplaced their receipt(s) or supporting documentation and is unable to obtain a duplicate copy from the Vendor, the Cardholder must complete a P-Card Lost Receipt/Personal Charge Form (Exhibit E). This form requires the Cardholder to certify that the transaction was an authorized business purchase and they attempted to obtain an itemized receipt for the transaction or that they have mistakenly made a personal charge on their p-card and will reimburse SJRA for the entire amount. An individual that routinely loses or misplaces their receipts may have their P-Card privilege revoked and may have disciplinary action imposed.

7. Sales Tax. SJRA is a sales tax-exempt organization. Cardholders must notify Vendor(s) that SJRA is tax exempt prior to making a purchase. All P-Cards have SJRA's tax exempt number on the front of the card. Should taxes be inadvertently charged, the Cardholder is responsible for contacting the Vendor to have the tax removed and obtain a corrected receipt.



NOTE: when traveling within the State of Texas, it is a good idea to have a copy of the SJRA Sales Tax Exemption Certificate (Exhibit D) as most hotels require a copy of the form in order to waive the sales tax. Hotel taxes are not exempt. Restaurants (food) and fuel may also be taxed.

8. Receipt of Goods. The Cardholder is responsible for ensuring receipt of goods and follow-up with the Vendor to resolve any delivery problems, discrepancies, or damaged goods.

9. Returning Items. Items should be returned directly to the Vendor by whichever means the Vendor requires. The Cardholder is responsible for seeing that proper credit is posted to his or her P-Card account for any returned items.

10. Review and Approval of Transactions.

10.1 Cardholder review. Cardholders must reconcile their sales receipts according to the date of purchase. Cardholders who have been directed to submit their sales receipts to a Proxy Reconciler should do so as soon as the charges are incurred. The Cardholder or the Proxy Reconciler will upload receipts online (if receipt is lost or misplaced, Exhibit E must be attached) and match with the corresponding transaction within five days of the charge. The item description is a required field that provides for a detailed description of the transaction. The appropriate account number, project code (if applicable), work order number (if applicable), and any relevant notes must be entered. The Cardholder or Proxy Reconciler must sign off on the transaction.

10.2 Manager review. The Cardholder's completed transaction with attached receipts will then automatically be submitted to the appropriate Department/Division Manager or designee for review, approval, and signoff.

11. Discrepancies and Disputes. Discrepancies or disputed charges can result from a number of issues:

- Failure to receive ordered goods
- Defective merchandise
- Incorrect amounts
- Duplicate charges
- Fraud or misuse

The Cardholder, or Proxy Reconciler is responsible for periodically checking their account for any erroneous charges, disputed items or amounts, or returns. The Cardholder should contact the Vendor first to resolve any outstanding issues. Cardholders are able to initiate a dispute directly online in the P-Card system or by calling the number on the back of their P-Card. The Cardholder must also notify a Program Administrator. Disputes must be initiated within 60 days of the statement date. The Cardholder's next statement will be reduced by the amount of the disputed charge until the issue is resolved. A resolution will appear in 90 days.

C. Lost or Stolen Cards. It is the responsibility of the Cardholder to immediately report a lost or stolen P-Card. The Cardholder must notify the Program Administrator immediately. SJRA is liable for all transactions if the card is not immediately reported as lost or stolen. **Cardholders must also report a lost or stolen P-Card to the Cardholder Department /Division Manager.**

D. Reconciliation and Payment

1. Reconciliation. Transaction reconciliation is done online in the Program software provided by the Bank. Each P-Card is associated with a nine-digit default general ledger account number. Once transactions are posted in the system, the general ledger account may be edited, if necessary. Project codes, work order numbers, or job numbers must be added, if applicable. Each Cardholder and Manager approving the transaction must ensure the proper account number, project number, work order number, and/or job number is accurate. Receipts and other transaction documentation must be uploaded into the software. Failure to reconcile Cardholder transactions and upload receipts into the system is considered a violation of this chapter and subject to the consequences provided herein.

2. Payment. SJRA is responsible for timely payment to the Bank for all P-Card purchases. It is incumbent on Cardholders and Managers to ensure that transactions are coded and receipts are attached prior to the monthly scheduled payment to the Bank.

E. Violations. Each cardholder assumes the responsibility for the protection and proper use of the P-Card including timely reconciliation and reporting. Allegations of misuse of the P-Card will be investigated promptly. The following are some examples of misuse:

1. Personal Misuse. The following situations are a few examples of personal misuse of the P-Card:

- Purchases made for the sole benefit of the employee (not a business purchase)
- Assignment, transfer, or “loaning” of a card to another person or employee

2. Administrative Misuse. The following situations are a few examples of administrative misuse:

- Lack of proper and timely reconciliation of individual Cardholder account
- Repeated lost or misplaced receipts

- Use of the card in violation of the Purchasing policies and procedures (ie: split transactions to circumvent the single transaction limit; multiple transactions to circumvent the bidding process)
- 3. Consequences for Misuse.** Infractions of personal or administrative misuse may result in disciplinary action up to and including termination of employment depending on severity of infraction. Human Resources Manager must be consulted in the event of excessive misuse.
 - 4. Consequences for Fraud or Theft.** Cardholders suspected of fraud or theft will have their cards suspended or terminated immediately. Violations may result in disciplinary action, up to and including termination and criminal prosecution. Human Resources Manager must be consulted.

IV. EXHIBITS

- A. P-Card Application**
- B. P-Card Agreement**
- C. P-Card Change Request Form**
- D. SJRA Tax Exempt Form**
- E. P-Card Lost Receipt/Personal Charge Form**



PROCUREMENT CARD APPLICATION

Cardholder Name	Division	Department	Job Title
-----------------	----------	------------	-----------

Cardholder Email	Cardholder Phone Number
------------------	-------------------------

Preferred Login Name (optional)	Verification ID Number (For Purchasing Use)
---------------------------------	---

Supervisor/Approver's Name	Card Reconciler and Backup Reconciler Name
----------------------------	--

Monthly Credit Limit	Single Transaction Limit
----------------------	--------------------------

Non-Manager Levels		Manager Levels	
<u>Monthly CL</u>	<u>Single Transaction</u>	<u>Monthly CL</u>	<u>Single Transaction</u>
\$7,500	\$4,999	\$25,000	\$10,000
\$4,999	\$4,999	\$15,000	\$7,500
\$2,500	\$2,500	\$10,000	\$4,999
		\$4,999	\$4,999

I understand that I must read and agree to follow the procedures as outlined in the Procurement Card Manual, not to exceed the departmental delegated authority, and sign the Cardholder Purchasing Card Agreement before a Purchasing Card will be issued. Upon issuance of the card, I understand that the improper use of this card may result in disciplinary action, up to and including termination of my employment.

Applicant's Signature	Date
-----------------------	------

I hereby approve the applicant listed above to be issued a San Jacinto River Authority Procurement Card. I agree the department specified will have funds sufficient to pay any and all charges made by this individual. I have assigned the duty to assure monthly reconciliation of all statements will be done as required and all documentation retained. I understand that the improper use of this card by this individual may result in disciplinary action, up to and including termination of his/her employment.

Department Manager Signature	Date
------------------------------	------

General Manager	Date
-----------------	------



PROCUREMENT CARDHOLDER AGREEMENT

1. The procurement card is provided to SJRA Employees based on their need to purchase business related goods and services. A card may be revoked at any time. This card is not an entitlement nor reflective of title or position.
2. The card is for business related purchases only; personal charges are not to be made to the card. Any personal charges on the card may constitute misappropriation of SJRA funds. The Cardholder agrees he/she is the only person entitled to use the card and is responsible for all charges made against the card.
3. Misuse of the card may be considered misappropriation of SJRA's funds, which may result in disciplinary action, up to and including termination and criminal prosecution. The Cardholder agrees that the SJRA may collect any amounts owed as a result of unauthorized use or misuse of the procurement card, regardless of employment status.
4. To protect the SJRA's assets, cardholders are expected to comply with internal control procedures. These controls include submitting receipts daily and following proper card security measures, as set forth in the policy.
5. Cardholders are responsible for resolving any discrepancies by contacting the supplier and Bank of America.
6. Each MasterCard is assigned a 9-digit default general ledger account number. The department code can only be changed by the Cardholder with management approval. If changed, a new account code does not affect past charges, only future charges.
7. A lost or stolen card should be reported immediately by telephone to the Cardholder's Division Manager, Bank of America at 1-888-449-2273 and the Program Administrator at 936-588-7163.
8. A Cardholder must surrender his or her card upon termination of employment or upon request at any time.
9. The undersigned acknowledges that the SJRA may audit the undersigned's use of this procurement card at any time and will report any unauthorized use or charges to the appropriate persons.

Your signature verifies that you have read and understand the SJRA's procurement card program requirements listed above, agree to comply with them, and have received a copy of the procurement card policy.

Cardholder Signature

Date

Program Administrator

Date

Cardholder Printed Name

Program Administrator Printed Name

MasterCard Number

Expiration Date



PROCUREMENT CARD CHANGE REQUEST FORM

Cardholder Name

Division

Department

Job Title

Supervisor's Name

Last 4 Digits of Card Number (For Purchasing Use)

Current Monthly Credit Limit

Current Single Transaction Limit

New Monthly Credit Limit

New Single Transaction Limit

Reason for Credit Limit Change Request: **if more than one change is being requested, please use second page**

I understand that I must read and agree to follow the procedures as outlined in the Procurement Card Manual, not to exceed the departmental delegated authority, and sign the Cardholder Purchasing Card Agreement before a Purchasing Card will be issued. Upon issuance of the card, I understand that the improper use of this card may result in disciplinary action, up to and including termination of my employment.

Applicant's Signature

Date

I hereby approve the applicant listed above to be issued a San Jacinto River Authority Procurement Card. I agree the department specified will have funds sufficient to pay any and all charges made by this individual. I have assigned the duty to assure monthly reconciliation of all statements will be done as required and all documentation retained. I understand that the improper use of this card by this individual may result in disciplinary action, up to and including termination of his/her employment.

Manager Signature

Date

General Manager or Designee

Date



PROCUREMENT CARD CHANGE REQUEST FORM

Cardholder Name	Division	Department	Job Title
-----------------	----------	------------	-----------

Current Monthly Credit Limit	Current Single Transaction Limit
------------------------------	----------------------------------

New Monthly Credit Limit	New Single Transaction Limit
---------------------------------	-------------------------------------

Cardholder Name	Division	Department	Job Title
-----------------	----------	------------	-----------

Current Monthly Credit Limit	Current Single Transaction Limit
------------------------------	----------------------------------

New Monthly Credit Limit	New Single Transaction Limit
---------------------------------	-------------------------------------

Cardholder Name	Division	Department	Job Title
-----------------	----------	------------	-----------

Current Monthly Credit Limit	Current Single Transaction Limit
------------------------------	----------------------------------

New Monthly Credit Limit	New Single Transaction Limit
---------------------------------	-------------------------------------

Cardholder Name	Division	Department	Job Title
-----------------	----------	------------	-----------

Current Monthly Credit Limit	Current Single Transaction Limit
------------------------------	----------------------------------

New Monthly Credit Limit	New Single Transaction Limit
---------------------------------	-------------------------------------

Texas Sales and Use Tax Resale Certificate

Name of purchaser, firm or agency as shown on permit	Phone (Area code and number)												
Address (Street & number, P.O. Box or Route number)													
City, State, ZIP code													
Texas Sales and Use Tax Permit Number (must contain 11 digits)													
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 25px; height: 15px;"></td> <td style="border: 1px solid black; width: 25px; height: 15px;"></td> <td style="border: 1px solid black; width: 25px; height: 15px;"></td> <td style="border: 1px solid black; width: 25px; height: 15px;"></td> <td style="border: 1px solid black; width: 25px; height: 15px;"></td> <td style="border: 1px solid black; width: 25px; height: 15px;"></td> <td style="border: 1px solid black; width: 25px; height: 15px;"></td> <td style="border: 1px solid black; width: 25px; height: 15px;"></td> <td style="border: 1px solid black; width: 25px; height: 15px;"></td> <td style="border: 1px solid black; width: 25px; height: 15px;"></td> <td style="border: 1px solid black; width: 25px; height: 15px;"></td> <td style="border: 1px solid black; width: 25px; height: 15px;"></td> </tr> </table>													
Out-of-state retailer's registration number or Federal Taxpayers Registry (RFC) number for retailers based in Mexico													
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 250px; height: 20px;"></td> <td style="padding-left: 20px;">(Retailers based in Mexico must also provide a copy of their Mexico registration form to the seller.)</td> </tr> </table>			(Retailers based in Mexico must also provide a copy of their Mexico registration form to the seller.)										
	(Retailers based in Mexico must also provide a copy of their Mexico registration form to the seller.)												

I, the purchaser named above, claim the right to make a non-taxable purchase (for resale of the taxable items described below or on the attached order or invoice) from:

Seller: _____

Street address: _____

City, State, ZIP code: _____

Description of items to be purchased on the attached order or invoice:


Description of the type of business activity generally engaged in or type of items normally sold by the purchaser:

SJRA PHYSICAL ADDRESS - 1577 Dam Site Rd. Conroe, TX 77304

The taxable items described above, or on the attached order or invoice, will be resold, rented or leased by me within the geographical limits of the United States of America, its territories and possessions or within the geographical limits of the United Mexican States, in their present form or attached to other taxable items to be sold.

I understand that if I make any use of the items other than retention, demonstration or display while holding them for sale, lease or rental, I must pay sales tax on the items at the time of use based upon either the purchase price or the fair market rental value for the period of time used.

I understand that it is a criminal offense to give a resale certificate to the seller for taxable items that I know, at the time of purchase, are purchased for use rather than for the purpose of resale, lease or rental, and depending on the amount of tax evaded, the offense may range from a Class C misdemeanor to a felony of the second degree.

Purchaser  Cheryl K. Turney	Title	Date
--	-------	------

This certificate should be furnished to the supplier.

Do not send the completed certificate to the Comptroller of Public Accounts.

Texas Sales and Use Tax Exemption Certification

This certificate does not require a number to be valid.

Name of purchaser, firm or agency	
Address (Street & number, P.O. Box or Route number)	Phone (Area code and number)
City, State, ZIP code	

I, the purchaser named above, claim an exemption from payment of sales and use taxes (for the purchase of taxable items described below or on the attached order or invoice) from:

Seller: _____

Street address: _____ City, State, ZIP code: _____


Description of items to be purchased or on the attached order or invoice:

Purchaser claims this exemption for the following reason:

SJRA PHYSICAL ADDRESS - 1577 Dam Site Rd. Conroe, TX 77304

I understand that I will be liable for payment of all state and local sales or use taxes which may become due for failure to comply with the provisions of the Tax Code and/or all applicable law.

I understand that it is a criminal offense to give an exemption certificate to the seller for taxable items that I know, at the time of purchase, will be used in a manner other than that expressed in this certificate, and depending on the amount of tax evaded, the offense may range from a Class C misdemeanor to a felony of the second degree.

Purchaser sign here 	Title	Date
---	-------	------

NOTE: This certificate cannot be issued for the purchase, lease, or rental of a motor vehicle.

THIS CERTIFICATE DOES NOT REQUIRE A NUMBER TO BE VALID.

Sales and Use Tax "Exemption Numbers" or "Tax Exempt" Numbers do not exist.

**This certificate should be furnished to the supplier.
Do not send the completed certificate to the Comptroller of Public Accounts.**



P-CARD LOST RECEIPT/PERSONAL CHARGE FORM

This form is to be used when an employee either loses a receipt for a business related expense or makes personal charges on their SJRA issued P-Card.

Employee Information

Employee Name: _____	Date: _____
Manager Name: _____	Job Title: _____
Division: _____	Department: _____

Reason

Lost Receipt
 Receipt Never Received
 Personal Charge on P-Card
 Please charge to Division-00-15301

Other: _____

Transaction Details

Vendor: _____

Amount of Transaction: _____ Transaction Date: _____

Description of Charge: _____

Certification

I certify that the above stated information is accurate and the charge was made while conducting official business for San Jacinto River Authority. I also certify that every attempt was made to obtain the itemized receipt prior to use of this form.

I understand that a Missing Receipt Form may not be completed on a routine basis and that overuse may revoke the privilege of providing a Missing Receipt Form in lieu of a receipt. I certify that the amount shown is the amount actually paid, that I have not and will not submit a duplicate claim, and that I have not and will not seek a claim for these expenses from any other source. I understand that violation of this policy may result in disciplinary action, including termination.

This form will now be used as the itemized receipt for this transaction. Submit this form with your monthly p-card documentation and appropriate signatures.

Employee Signature *Date*

Manager Signature *Date*

ADMINISTRATIVE PROCEDURES	
Finance & Administration	Chapter 2: Procurement of Materials, Supplies, and Equipment
Procurement Department	Effective Date: January 14, 2022
Authorization: {Jace Houston approval emailed 01/14/2022}	

I. PURPOSE

The purpose of this chapter is to establish uniform procedures for the procurement of Materials, Supplies, and Equipment that provides the best value for SJRA while encouraging competition from vendors interested in doing business with SJRA.

II. STATUTORY REFERENCES

Not applicable.

III. POLICY

The SJRA Board approved Procurement Resolution 2021-R-03 on January 28, 2021. The following policy provisions are found therein in Section III. Policy, A. Procurement of Materials, Supplies, and Equipment.

A. Procurement of Materials, Supplies, and Equipment.

1. **Quotes/Solicitations.** Quotes/informal solicitations on uniform specifications must be solicited from three Vendors for the procurement of Materials, Supplies, and Equipment under a Contract requiring the expenditure of over \$25,000.00. The GM will establish procurement procedures for the procurement of Materials, Supplies, and Equipment under a Contract requiring the expenditure of \$25,000.00 and below.
2. **Budgeted Procurement.** The Board of Directors authorizes the GM to approve and execute Contracts and related documents authorizing the expenditure of funds that have been itemized, categorized, or otherwise described or contemplated in the currently approved operating budget for the procurement of Materials, Supplies, and Equipment.
3. **Unbudgeted Procurement.** A Contract requiring the expenditure of over \$75,000.00 for Materials, Supplies, and Equipment that is not itemized, categorized, or otherwise described or contemplated in the currently approved operating budget requires approval by the Board of Directors.

- 4. Amendments and Change Orders.** The Board of Directors authorizes the GM to approve and execute Amendments and Change Orders to a Contract for the procurement of Materials, Supplies, or Equipment without further approval by the Board of Directors if the underlying Contract is (i) related to the expenditure of funds that have been itemized, categorized, or otherwise described or contemplated in the currently approved operating budget for the procurement of Materials, Supplies, and Equipment, and (ii) any increase in the expenditure of funds is available in the currently approved operating budget for the procurement of Materials, Supplies, and Equipment. If, however, a Contract approved and executed by the GM requiring an expenditure of less than \$75,000.00 for Materials, Supplies, and Equipment that is not itemized, categorized, or otherwise described or contemplated in the currently approved operating budget will, after approval of a proposed Amendment or Change Order, require an expenditure over \$75,000.00 for such Materials, Supplies, and Equipment, then the Amendment or Change Order requires approval by the Board of Directors.

IV. PROCEDURE

A. General Information.

- 1. Competitive Procurement.** Procurement of Materials, Supplies and Equipment for continued SJRA operations must strive to promote fair and open competition and to secure the best value for every purchase, with the highest quality, at the best price.
- 2. Best Value.** The best value for the procurement of Materials, Supplies, and Equipment may include some or all of the following criteria:
 - Purchase price
 - Operating costs
 - Maintenance costs
 - Other long-term costs to the Authority to acquire the Materials, Supplies, or Equipment
 - Quality of the Vendor's Materials, Supplies, and Equipment
 - Product reliability, compatibility, and interchangeability with existing Materials, Supplies, and Equipment
 - Vendor reputation, responsiveness, and past performance
 - Delivery terms
 - Payment terms

- Warranty terms

While cost is an important factor, it is not the sole factor in determining the best value for SJRA.

- 3. Consultation with SJRA Attorney.** Very often Vendors will provide quotes with Vendor terms and conditions included. These may be written or provided as a link in electronic documents. Occasionally, there will be Vendor terms and conditions that are contrary to SJRA legal requirements. Procurement staff may need to consult with general counsel or the SJRA Director of Legal Services before agreeing to Vendor terms and conditions.

4. Types of Agreements.

- 4.1 Procurement Card.** Use of SJRA's procurement card is encouraged for small dollar purchases (not services). See the Procurement Card Procedures Chapter for more information on the proper use of the P-Card for the procurement of Materials, Supplies, and Equipment. Cardholders should exercise caution in obligating SJRA with Vendor terms and conditions when utilizing the P-Card (see Consultation with SJRA Attorney above).

- 4.2 Purchase Order.** A Purchase Order is required for every purchase not made with the P-Card. A requisition for the procurement of Materials, Supplies, or Equipment must be initiated and approved in accordance with the Delegation of Authority Chapter. The Procurement Department is responsible for verifying that the requisition meets all applicable policy and procedures and will issue a Purchase Order with SJRA's terms and conditions attached establishing the financial obligation of the Authority to pay for Materials, Supplies, and Equipment properly delivered and received. No employee shall make an *oral* agreement or commitment to purchase Materials, Supplies, or Equipment without obtaining prior approval from the Procurement Department.

- 4.3 Annual Contracts.** SJRA Departments and Divisions should make every effort to consolidate multiple, repetitive purchases of the same (or similar) items into an Agreement with an approved Vendor for a defined period of time, typically one year, with the option to renew for two additional one-year terms. The annual Agreement includes established prices, terms, and conditions for indefinite quantities and indefinite deliveries for the term of the Agreement. A blanket

Purchase Order may be issued for the term of the Agreement, and the Department/Division is responsible for placing orders as/when needed consistent with the Contract prices, terms, and conditions of the Agreement. However, another option is the Department/Division may submit a requisition as /when needed and the Procurement Department will issue Purchase Order(s) to release orders pursuant to the Contract.

4.4 Cooperative Agreements. SJRA participates in many cooperative purchasing programs. Contracts and Vendors awarded through these cooperative purchasing programs have been competitively procured, thereby satisfying SJRA's requirement for competitive solicitations provided in this Chapter. SJRA may also enter into interlocal agreements with another public agency for the purpose of "piggybacking" their awarded contracts.

5. Budgeted Procurement. The Delegation of Authority Chapter provides the approval thresholds required for the purchase of all budgeted Materials, Supplies, and Equipment. Budgeted items that have been itemized, categorized, or otherwise described or contemplated in the currently approved budget for the procurement of Materials, Supplies and Equipment do not require Board approval.

6. Unbudgeted Procurement. The procurement of Materials, Supplies, or Equipment over \$75,000.00 that is *not* itemized, categorized, or otherwise described or contemplated in the currently approved budget requires the approval of the Board of Directors. The approval requirements for unbudgeted procurement \$75,000.00 or less is found in the Delegation of Authority Chapter.

B. Solicitation Requirements.

1. Annual/Aggregate. The anticipated annual dollar aggregate of similar/like purchases from a single Vendor shall be considered when determining the solicitation requirements threshold below. The Procurement Department may combine similar purchases from all SJRA Departments and Divisions in order to utilize one procurement process.

2. Separate, Sequential or Component Purchases. Purchases shall not be made or authorized for separate, sequential, or component purchases to intentionally avoid the solicitation requirements below.

- 3. Procurement Utilizing Cooperative Procurement Programs.** Purchases made under a Cooperative Agreement satisfy any competitive solicitation requirements provided in this Chapter. However, it should be noted that some Materials, Supplies, Equipment and/or Vendors may be on multiple Purchasing Cooperative Agreements, and it may be beneficial to request quotes from more than one Cooperative program.
- 4. Procurement of Materials, Supplies and Equipment \$25,000.00 or less.** These purchases require one written quote. The Department/Division must enter a requisition that will route for approvals in accordance with the Delegation of Authority Chapter, and Procurement staff will issue a Purchase Order. The written quote must be attached to the requisition.
- 5. Procurement of Materials, Supplies, and Equipment Over \$25,000.00.** Written competitive quotes (RFQuotes) on uniform written specifications must be solicited from at least three Vendors for procurement of Materials, Supplies, and Equipment over \$25,000.00. The e-Marketplace System will be utilized when time and circumstances allow. The Procurement Department and requesting Department/Division will coordinate the solicitation to ensure all policies are met. The Vendor quotes must be attached to the requisition. The requisition will route for approvals in accordance with the Delegation of Authority Chapter, and Procurement staff will issue a Purchase Order.

C. Fleet and Equipment Purchases.

All requests for the purchase of new and replacement vehicles and equipment must be coordinated through the Procurement Department. Procurement staff will provide a specification sheet for the Department/Division to complete. Procurement staff will make every effort to standardize the fleet across all Departments and Divisions within SJRA. Specification standardization will identify the fewest number of vehicle configurations that can meet the requirements of all the Departments and Divisions within SJRA. This can simplify ordering, increase buying power, and consolidate parts inventory. Other issues to consider in standardization:

- *Recognition.* White vehicles will be purchased whenever feasible. All vehicles must be marked with San Jacinto River Authority branding.
- *Improved Maintenance Efficiency.* The complexity of vehicle systems is increasing with the addition of electronic sensors and controls, new emissions technology, and safety

devices. Fleet maintenance training can be reduced by limiting the variety of different systems. A standardized fleet can potentially offer quicker repairs and fewer mistakes.

- *Smaller Parts Inventory.* The more variety in a fleet, the more spare parts and fluid types that must be purchased and/or stocked. Standardization will streamline the procurement of these parts and/or the inventory maintenance of the parts.
- *Increased Operational Efficiency and Safety.* Vehicle and equipment operators become accustomed to the controls, displays, and “feel” of a unit. Standardizing the SJRA fleet reduces safety risks of drivers switching between dissimilar units. They also learn the capabilities of a given unit (e.g., how full a dump truck looks when at its maximum rated payload for a given material, or how many scoops of what size with the wheel loader it takes to hit that fill point).

Procurement staff will obtain quotes on behalf of the Departments/Divisions for all budgeted vehicles and equipment. After quotes have been received, Procurement staff will confirm with the relevant Departments/Divisions that the quotes meet the specifications/requirements of the Departments/Divisions. The Departments/Divisions will enter a requisition. The requisition will route for approvals in accordance with the Delegation of Authority Chapter, and Procurement staff will issue a Purchase Order. Procurement staff will coordinate with the Finance Department and Risk Management Department to make sure all vehicles and equipment get added to fixed assets and are properly insured.

D. Offer and Acceptance.

In order for a Purchase Order to serve as a contract between SJRA and the Vendor, there must first be an offer – the Purchase Order – followed by an acceptance from the Vendor. The Procurement staff will send all Purchase Orders to the appropriate Vendor and request acknowledgement and confirmation of the Order – the acceptance. Only after the Vendor has accepted the Purchase Order is it a binding agreement between the parties.

E. Inspection and Receiving.

Since there is no central receiving location, each Department/Division is responsible for inspecting, testing, and receiving Materials, Supplies, and Equipment. It is imperative to promptly inspect the items for compliance with the ordering description or specifications.

Any late deliveries, shortages, or damaged goods should be reported to the Procurement Department as soon as possible.

F. Amendments and Change Orders for Materials, Supplies, and Equipment.

Any amendment or change order for Materials, Supplies, and Equipment must be itemized, categorized, or otherwise described or contemplated in the currently approved operating budget. If the proposed amendment or change order is not budgeted, and the change brings the contract value over \$75,000.00, the amendment or change order must be approved by the Board.

G. Review, Approval, and Execution of Contracts.

See Delegation of Authority Chapter

ADMINISTRATIVE PROCEDURES	
Finance & Administration	Chapter 3: Procurement of General Services
Procurement Department	Effective Date: January 14, 2022
Authorization: {Jace Houston approval emailed 01/14/2022}	

I. PURPOSE

The purpose of this chapter is to establish uniform procedures for the procurement of General Services that provides the best value for SJRA while encouraging competition from vendors interested in doing business with SJRA.

II. STATUTORY REFERENCES

Not applicable.

III. POLICY

The SJRA Board approved Procurement Resolution 2021-R-03 on January 28, 2021. The following policy provisions are found therein in Section III. Policy, B. Procurement of General Services.

- A. Outsourcing Assessment.** Prior to contracting for General Services, the GM and designated staff will conduct a needs assessment that identifies why current staff availability, expertise, or any other particular factors of a project require engaging outside providers.
- B. Quotes/Solicitations.** Quotes/informal solicitations on uniform specifications must be solicited from at least three vendors for the procurement of General Services under a Contract requiring the expenditure of over \$25,000.00. The GM will establish procurement procedures for the procurement of General Services under a Contract requiring the expenditure of \$25,000.00 and below.
- C. Budgeted Procurement.** The Board of Directors authorizes the GM to approve and execute Contracts and related documents authorizing the expenditure of funds that have been itemized, categorized, or otherwise described or contemplated in the currently approved operating budget for the procurement of General Services.
- D. Unbudgeted Procurement.** A Contract requiring the expenditure of over \$75,000 for General Services that is not itemized, categorized, or otherwise described or

contemplated in the currently approved operating budget requires approval by the Board of Directors.

- E. Amendments or Change Orders.** The Board of Directors authorizes the GM to approve and execute Amendments or Change Orders to a Contract for the procurement of General Services without further approval by the Board of Directors if the underlying Contract is (i) related to the expenditure of funds that have been itemized, categorized, or otherwise described or contemplated in the currently approved operating budget for the procurement of General Services, and (ii) any increase in the expenditure of funds is available in the currently approved operating budget for the procurement of General Services. If, however, a Contract approved and executed by the GM requiring an expenditure of less than \$75,000.00 for General Services that is not itemized, categorized, or otherwise described or contemplated in the currently approved operating budget will, after approval of a proposed Amendment or Change Order, require an expenditure over \$75,000.00 for such General Services, then the proposed Amendment or Change Order requires approval by the Board of Directors.

IV. PROCEDURE

A. General Information.

- 1. Competitive Procurement.** Procurement of General Services for continued SJRA operations must strive to promote fair and open competition and to secure the best value for every purchase, with the highest quality of services, at the best price.
- 2. Best Value.** The best value for the procurement of General Services may include some or all of the following criteria:
 - Cost of services, including the long-term cost to the Authority,
 - Vendor reputation, responsiveness, and past performance,
 - Vendor qualifications,
 - Vendor financial resources to complete the work, and
 - Proposed subcontractors, suppliers, and other persons, if applicable.

While cost is an important factor, it is not the sole factor in determining the best value for SJRA.

- 3. Consultation with SJRA Attorney.** General and/or Maintenance Services is a very broad term that may be easily confused with Construction Services. Consultation with

general counsel or the SJRA Director of Legal Services may be necessary to determine if the Services needed by SJRA are subject to this chapter or the chapter for the Procurement of Construction Services.

- 4. Insurance Requirements.** Any services provided on SJRA premises require the Vendor to provide a certificate of insurance that meets SJRA's minimum insurance requirements. Insurance requirements may vary based on the complexity, risk/liability, and totality of the circumstances and not necessarily on the value of the services. Consultation with Risk Management may be necessary.

5. Types of Agreements.

- 5.1 General Services Agreement.** The General Services Agreement may be used for one-time General Services that has a specific project scope with a defined start and end time. This contract type may also be used for on-going General Services of a regular, routine nature with annual renewal terms, e.g., janitorial, mowing, and landscape services. This Agreement may include bonding provisions when in SJRA's best interest.

- 5.2 Stand-by Services Agreement.** The Stand-by Services Agreement may be used for annual term contracts for General Services where indefinite quantities and indefinite deliveries are anticipated. Each individual work order issued for General Services under a Stand-By Services Agreement will define the individual scope of work, time for commencement of services, time for completion of services needed each time, and bonding requirements, if requested.

- 5.3 Purchase Orders.** The Purchase Order (in lieu of a contract) may be used in very limited circumstances for General Services. A Purchase Order provides very little protection to the Authority if/when issues arise out of the services being provided. Division/Departments must have prior approval to use a Purchase Order in lieu of one of the other contracts described herein. The General Services Agreement or Stand-by Services Agreement must be used for all services of \$25,000.00 and more. A requisition for the procurement of General Services must be initiated and approved in accordance with the Delegation of Authority Chapter. The Procurement Department is responsible for verifying that the requisition meets all applicable policy and procedures and will issue a Purchase Order with SJRA's contract/terms and conditions attached establishing the financial obligation of the Authority to pay for General Services properly

delivered and received. No employee shall make an *oral* agreement or commitment to purchase General Services without obtaining prior approval from the Procurement Department.

- 5.4 Annual Contracts.** SJRA Departments and Divisions should make every effort to consolidate multiple, repetitive purchases of the same (or similar) services into an Agreement with an approved Vendor for a defined period of time, typically one year, with the option to renew for two additional one-year terms. The annual Agreement includes established prices, terms, and conditions for indefinite quantities and indefinite deliveries for the term of the Agreement. A blanket Purchase Order may be issued for the term of the Agreement, and the Department/Division is responsible for placing orders as/when needed consistent with the Contract prices, terms, and conditions of the Agreement. However, another option is the Department/Division may submit a requisition as /when needed, and the Procurement Department will issue Purchase Order(s) to release orders pursuant to the Contract.
- 5.5 Cooperative Agreements.** SJRA participates in many cooperative purchasing programs. Contracts and Vendors awarded through these cooperative purchasing programs have been competitively procured, thereby satisfying SJRA's requirement for competitive solicitations provided in this Chapter. SJRA may also enter into interlocal agreements with another public agency for the purpose of "piggybacking" their awarded contracts.
- 6. Budgeted Procurement.** The Delegation of Authority Chapter provides the approval thresholds required for the purchase of all General Services. Budgeted services that have been itemized, categorized, or otherwise described or contemplated in the current approved budget for the procurement of General Services do not require Board approval.
- 7. Unbudgeted Procurement.** The procurement of General Services over \$75,000.00 that is *not* itemized, categorized, or otherwise described or contemplated in the currently approved budget requires the approval of the Board of Directors. The approval requirements for unbudgeted procurements of \$75,000.00 or less are found in the Delegation of Authority Chapter.

B. Outsourcing Assessment.

SJRA staff shall complete an outsourcing assessment with each contract request form stipulating why SJRA requires engaging outside service providers as opposed to conducting the work in-house.

C. Solicitation Requirements.

- 1. Annual/Aggregate.** The anticipated annual dollar aggregate of similar/like purchases from a single Vendor shall be considered when determining the solicitation requirements threshold below. The Procurement Department may combine similar purchases from all SJRA Departments and Divisions in order to utilize one procurement process.
- 2. Separate, Sequential, or Component Purchases.** Purchases shall not be made or authorized for separate, sequential, or component purchases to intentionally avoid the solicitation requirements below.
- 3. Procurement Utilizing Cooperative Procurement Programs.** Purchases made under a Cooperative Agreement satisfy any competitive solicitation requirements provided in this Chapter. However, it should be noted that some Services and/or Vendors may be on multiple Purchasing Cooperative Agreements, and it may be beneficial to request quotes from more than one Cooperative program.
- 4. Procurement of General Services \$25,000.00 or less.** These purchases require one written quote obtained by the Division/Department. Communication with the Procurement Department will determine if a Contract is necessary or if a PO with terms and conditions will suffice. All annual agreements require a contract. Procurement will assist in preparing the Contract, if required, and obtaining the required signatures. A requisition and PO are required. The successful Vendor quote and certificate of insurance must be attached to the requisition. The requisition will route for approvals in accordance with the Delegation of Authority Chapter, and Procurement staff will issue a PO.
- 5. Procurement of General Services over \$25,000.00.** The Department/Division must request a Contract number and complete the required information. Written competitive quotes (RFQuotes) on uniform written specifications must be solicited from at least three Vendors for procurement of General Services over \$25,000.00. The

e-Marketplace will be utilized when time and circumstances allow. The Procurement Department and requesting Department/Division will coordinate the solicitation to ensure all policies are met. Procurement will assist in preparing the Contract and obtaining the required signatures. A requisition and PO will also be required. The Vendor quotes must be attached to the requisition. The requisition will route for approvals in accordance with the Delegation of Authority Chapter, and Procurement staff will issue a PO.

D. Amendments and Change Orders for General Services.

Any amendment or change order for General Services must be itemized, categorized, or otherwise described or contemplated in the currently approved operating budget. If the proposed amendment or change order is not budgeted, and the change brings the contract value over \$75,000.00, the amendment or change order must be approved by the Board.

E. Review, Approval, and Execution of Contracts.

See Delegation of Authority Chapter.

ADMINISTRATIVE PROCEDURES	
Finance & Administration	Chapter 4: Procurement of Technology
Procurement Department	Effective Date: April 25, 2022
Authorization: {Jace Houston approval emailed 4/25/2022}	

I. PURPOSE

The purpose of this chapter is to establish standards, guidelines, and procedures for the procurement of SJRA technologies in order to provide compliance with technology security, software licensing requirements, and compatibility within the SJRA network environment for hardware and software including the on-going maintenance of such systems.

II. STATUTORY REFERENCES

All references herein to federal or state laws or regulations shall mean and refer to such laws or regulations as amended from time to time.

- A. Water Code 49.278(b)
- B. Local Government Code 252.021(a)
- C. Local Government Code 252.042

III. POLICY

The SJRA Board approved Procurement Resolution 2021-R-03 on January 28, 2021. The following policy provisions are found therein in Section III. Policy, C. Procurement of High Technology.

A. Procurement of Technology.

- A. **Quotes/Solicitations.** Sections 252.021(a) and 252.042 of the Texas Local Government Code apply to Technology procurements.
- B. **Budgeted Procurement.** The Board of Directors authorizes the GM to approve and execute Contracts and related documents authorizing the expenditure of funds that have been itemized, categorized, or otherwise described or contemplated in the currently approved operating budget for the procurement of Technology.

- C. Unbudgeted Procurement.** A Contract requiring the expenditure of over \$75,000.00 for Technology that is not itemized, categorized, or otherwise described or contemplated in the currently approved operating budget requires approval by the Board of Directors.
- D. Amendments or Change Orders.** The Board of Directors authorizes the GM to approve and execute Amendments or Change Orders to a Contract for the procurement of Technology without further approval by the Board of Directors if the underlying Contract is (i) related to the expenditure of funds that have been itemized, categorized, or otherwise described or contemplated in the currently approved operating budget for the procurement of Technology, and (ii) any increase in the expenditure of funds is available in the currently approved operating budget for the procurement of Technology. If, however, a Contract approved and executed by the GM requiring an expenditure of less than \$75,000.00 for Technology that is not itemized, categorized, or otherwise described or contemplated in the currently approved operating budget will, after approval of a proposed Amendment or Change Order, require an expenditure over \$75,000.00 for such Technology, then the proposed Amendment or Change Order requires approval by the Board of Directors.

IV. PROCEDURE

A. General Information.

- 1. Competitive Procurement.** Procurement of Technology related goods and services for continued SJRA operations must provide the best value for every purchase, with the highest quality, at the best price.
- 2. Best Value.** The best value for the procurement of Technology related goods and services may include some or all of the following criteria:
 - Purchase price
 - Installation costs
 - Maintenance costs
 - Compliance with applicable licensing and security requirements
 - The quality of the Vendor's Technology
 - Product reliability, compatibility, and interchangeability with existing Technology
 - Vendor reputation, responsiveness, and past performance
 - Delivery terms
 - Payment terms

- Warranty terms
- Estimated cost of employee training and employee productivity
- Other long-term costs to the Authority to acquire the Technology

While cost is an important factor, it is not the sole factor in determining the best value for SJRA.

- 3. Consultation with SJRA Attorney.** Very often Vendors will provide quotes with Vendor terms and conditions included. These may be written or provided as a link in electronic documents. Occasionally, there will be Vendor terms and conditions that are contrary to SJRA legal requirements. SJRA does not have standard agreements for Technology related goods and services. Consultation with general counsel or the SJRA Director of Legal Services may be necessary before agreeing to Vendor's quotation terms and conditions or Vendor agreements.
- 4. IT Steering Committee.** The procurement planning process must include sufficient time for the IT Steering Committee to receive, review, and prioritize decisions for new and emerging technologies, initiatives, or projects of a highly technical nature, if necessary. See the IT Steering Committee Charter for more information.
- 5. Procurement of Technology.** The Information Technology Department must be involved in the procurement of all High Technology procurements that are purchased for use on the IT business network (not including SCADA/I&C technologies).
- 6. Procurement of SCADA Instrumentation and Control Systems.** The SCADA/I&C Department must be involved in the procurement of all SCADA/I&C Systems. SCADA/I&C system purchases that impact SJRA IT systems will be coordinated between the IT Department Manager and the SCADA/I&C Manager to insure compatibility with any SJRA information systems equipment.
- 7. Types of Agreements.**
 - 7.1 Procurement Card.** Use of SJRA's procurement card is encouraged for small dollar purchases (not services). See the Procurement Card Procedures Chapter for more information on the proper use of the P-Card for the procurement of Technology. IT and SCADA/I&C are the *only* Departments allowed to use their P-Card for Technology purchases. Staff should exercise caution in obligating

SJRA with Vendor terms and conditions when utilizing the P-Card (see Consultation with SJRA Attorney above).

- 7.2 Purchase Order.** A Purchase Order is required for every purchase not made with the P-Card. A requisition for the procurement of Technology must be initiated by IT or SCADA/I&C and approved in accordance with the Delegation of Authority Chapter. The Procurement Department is responsible for verifying that the requisition meets all applicable policy and procedures and will issue a PO with SJRA's terms and conditions attached establishing the financial obligation of the Authority to pay for Technology properly delivered and received. No employee shall make an *oral* agreement or commitment to purchase Technology without obtaining prior approval from the Procurement Department.
- 7.3 Non-Standard Agreements.** Each Technology purchase typically has unique procurement terms, licensing terms, installation and/or maintenance terms. Therefore, each procurement for Technology tends to have its own Vendor agreement. These agreements must be reviewed by SJRA's general counsel or Director of Legal Services.
- 7.4 Cooperative Agreements.** SJRA participates in many cooperative purchasing programs. Contracts and Vendors awarded through these cooperative purchasing programs have been competitively procured, thereby satisfying SJRA's requirement for competitive solicitations provided in this Chapter. SJRA may also enter into interlocal agreements with another public agency for the purpose of "piggybacking" their awarded contracts.
- 8. Budgeted Procurement.** The Delegation of Authority Chapter provides the approval thresholds required for the purchase of all budgeted Technology purchases. Budgeted items that have been itemized, categorized, or otherwise described or contemplated in the current approved budget for the procurement of Technology do not require Board approval.
- 9. Unbudgeted Procurement.** The procurement of Technology purchases over \$75,000.00 that are *not* itemized, categorized, or otherwise described or contemplated in the currently approved budget require the approval of the Board of Directors. The approval requirements for unbudgeted procurements of \$75,000.00 or less are found in the Delegation of Authority Chapter.

B. Solicitation Requirements.

- 1. Annual/Aggregate.** The anticipated annual dollar aggregate of similar/like purchases from a single Vendor shall be considered when determining the solicitation requirements threshold below. The Procurement Department may combine similar purchases from all SJRA Departments and Divisions in order to utilize one procurement process.
- 2. Separate, Sequential or Component Purchases.** Purchases shall not be made or authorized for separate, sequential, or component purchases to intentionally avoid the solicitation requirements below.
- 3. Procurement Utilizing Cooperative Procurement Programs.** Purchases made under a Cooperative Agreement satisfy any competitive solicitation requirements provided in this Chapter. However, it should be noted that some Technology purchases and/or Vendors may be on multiple Purchasing Cooperative Agreements, and it may be beneficial to request quotes from more than one Cooperative program.
- 4. Procurement of Technology purchases \$25,000.00 or less.** These purchases require one written quote/proposal obtained by the Department/Division. The Department/Division must enter a requisition that will route for approvals in accordance with the Delegation of Authority Chapter and Procurement staff will issue a PO. The written quote/proposal must be attached to the requisition.
- 5. Procurement of Technology purchases Over \$25,000.00 but equal to or less than \$50,000.00.** Written competitive quotes (RFQuotes) on uniform written specifications must be solicited from at least three Vendors. RFPs are also an acceptable procurement method for Technology purchases in this category. If the procurement is not being made through a Purchasing Cooperative, the e-Marketplace System will be utilized when time and circumstances allow. The Procurement Department and requesting Department/Division will coordinate the solicitation to ensure all statutes and policies are met. The Vendor quotes/proposals must be attached to the requisition. The requisition will route for approvals in accordance with the Delegation of Authority Chapter, and Procurement staff will issue a Purchase Order.

6. Procurement of Technology purchases more than \$50,000.00.

- 6.1** A formal solicitation must be used when the expenditure is expected to be more than \$50,000.00.
- 6.2** Individuals responsible for the development of a formal solicitation must use the most current version of the solicitation template found on the Procurement Department SharePoint site.
- 6.3** A formal solicitation must be publicly posted in the e-Marketplace System for all firms interested in doing business with SJRA to review the terms, conditions, and scope of work. The posting must be open for a minimum of three (3) weeks. More complex solicitations may require a longer time period.
- 6.4** Attendance lists at the pre-proposal conferences, if applicable, and any addenda issued during the solicitation process will be posted in the e-Marketplace System. Addenda should be posted at least 48 hours prior to the due date and time.
- 6.5** In response to the formal solicitation, the prospective provider submits sealed bids/proposals. Sealed bids/proposals may not be opened until after the due date and time.
- 6.6** If using the RFP method, the solicitation must specify the relative importance of price and other evaluation factors (see best value criteria). Each formal RFP may be customized based on the unique circumstances of each solicitation. Sealed proposals will be evaluated using the following methodology:
 - The evaluation committee will be comprised of representatives from IT or SCADA/I&C, the impacted Division(s) and other relevant internal departments. Optional participants may include Senior Management.
 - The Contract Manager will determine whether individual scoring (average scores) or consensus scoring (one score agreed upon by all members of the evaluation committee) will be used.
 - Each SJRA employee assigned as an evaluation committee member must review and agree to the terms of the non-disclosure and conflict of interest disclosure statement.
 - Procurement staff shall export a spreadsheet from the e-Marketplace System to use during the evaluation committee meeting.

- Proposals will be evaluated based on the weighted criteria published in the RFP.
- Proposals will be ranked in order based on the weighted scores.
- Procurement staff shall record the preliminary scores recommended by the evaluation committee into the spreadsheet.
- All firm(s) reasonably considered to be selected based on criteria set forth in the RFP may be given an opportunity to make a presentation and/or interview with SJRA and provide additional documentation as requested.
- Following any interviews/presentations, firms will be evaluated based on interviews/presentations.
- The Contract Manager is responsible for briefing the relevant Senior Manager prior to finalizing the evaluation scores in the e-Marketplace System.
- The Contract Manager shall inform Procurement staff that the final evaluation score (initial score plus interview score) and ranking can be recorded by Procurement staff in the e-Marketplace System.
- Reference checks and other due diligence may be performed at any time throughout the evaluation process.
- Contract negotiations will begin with the top-ranked firm. The appropriate Senior Manager(s) have the option to participate in the Contract negotiations.
- The draft Contract with the successful firm shall be routed to the relevant Senior Manager for review and approval.
- Should negotiations with the highest-ranked firm fail to yield a Contract, negotiations will formally end and will commence with the next highest-ranked firm until an agreement is reached.
- The SJRA may, in its sole discretion, award a Contract without interviews or negotiations, and based solely on information supplied in the responses.

6.7 The Department/Division must enter a requisition that will route for approvals in accordance with the Delegation of Authority Chapter and Procurement staff will issue a PO.

7. Neither quotes, an informal solicitation, nor a formal solicitation is required for:

7.1 Software or hardware maintenance agreements with existing software/hardware already in use and requiring continuous support. These Evergreen contracts shall continue until the software is no longer in use or the agreement is terminated in accordance with the terms and conditions of the Contract.

7.2 Security or surveillance systems or components of or additions to facilities relating to security or surveillance, including systems used for the prevention of terrorist or criminal acts and incidents or acts of war.

7.3 Any Technology purchase made through the State of Texas DIR Cooperative Program or other authorized Cooperative program will satisfy SJRA's solicitation requirements.

C. Amendments and Change Orders for Technology

Any amendment or change order, which is not itemized, categorized, or otherwise described or contemplated in the currently approved operating budget, and which brings the contract value over \$75,000.00, must be approved by the Board.

D. Review, Approval, and Execution of Contracts

See Delegation of Authority Chapter

ADMINISTRATIVE PROCEDURES	
Finance & Administration	Chapter 5: Procurement of Professional & Consulting Services
Procurement Department	Effective Date: October 1, 2021
Authorization: {Jace Houston approval emailed 10/1/2021}	

I. PURPOSE

This chapter applies to professional and consulting services. It is the intent to establish fairness and consistency in the selection process while obtaining the best value (quality services at a reasonable price) for the San Jacinto River Authority (SJRA) in accordance with the applicable legal requirements.

II. STATUTORY REFERENCES

All references herein to federal or state laws or regulations shall mean and refer to such laws or regulations as amended from time to time.

- A. Water Code 49.057 (d)
- B. Government Code 1201.027
- C. Government Code 2254
- D. 30 TAC Rule 292.13

III. POLICY

The SJRA Board approved Procurement Resolution 2021-R-03 on January 28, 2021. The following policy provisions are found therein in Section III. Policy, D. Procurement of Professional Services.

- A. **Outsourcing Assessment.** Prior to contracting for Professional Services, the GM and designated staff will conduct a needs assessment that identifies why current staff availability, expertise, or other particular factors of a project require engaging outside providers.
- B. **Procurement of Architectural, Engineering, or Surveying Services.** In accordance with Section 2254.004 of the Texas Government Code, when procuring architectural, engineering, or land surveying services, or when any portion of a project includes these services, the GM and designated staff shall: (i) first select the most highly qualified

provider of those services on the basis of demonstrated competence and qualifications, and (ii) then attempt to negotiate with that provider a Contract for a fair and reasonable price.

C. Procurement of Outside Legal Services. In accordance with Section 49.057(d) of the Texas Water Code and Section 1201.027 of the Texas Government Code, when selecting attorneys, Authority staff shall follow Subchapter A of Chapter 2254, Texas Government Code. The GM is authorized to engage outside legal counsel when necessary to support the legal representation of the Authority; however, the GM will consider the expertise, cost, and the potential for conflicts of interest (as described in the Texas Disciplinary Rules of Professional Conduct) of any firm or attorney being considered.

D. Procurement of Other Professional Services. In accordance with Section 2254.002 of the Texas Government Code, when procuring professional services not covered under Section 2254.004 of the Texas Government Code, the GM and designated staff shall select the most highly qualified provider of those services: (i) on the basis of demonstrated competence and qualifications to perform the services, and (ii) for a fair and reasonable price.

E. Maintenance of a List of Pre-Qualified Firms. In accordance with Rule 292.13 of Chapter 292, Title 30 of the Texas Administrative Code, a list shall be maintained of at least three qualified persons or firms for each area of Professional Services utilized by the Authority. The pre-qualified persons or firms shall be sent a request for proposals or request for qualifications for any new Engagement Letter over \$25,000.00, or any new PSA or MPSA under which the sum of all WOs is expected to exceed \$25,000.00.

F. Required Use of Licensed Professional Engineers and/or Architects. Below are the current Texas Board of Professional Engineers and Land Surveyors (TBPELS) and Texas Board of Architect Examiners (TBAE) requirements for when it is necessary to utilize a Professional Engineer and/or Registered Architect on a Project as of the date of issuance of this policy. This may be accomplished by utilizing a third party Licensed Professional Engineer and/or Architect if Authority staff are not able to perform such duties.

1. A PE's services and seal are required for a public works project:

- If electrical or mechanical engineering is involved; and
- If the completed project is expected to exceed \$8,000.00;

– or –

- If no electrical or mechanical engineering is involved; and
- If the completed project is expected to exceed \$20,000.00.

Repair, replacement, or maintenance projects may be exempt from these requirements if no engineering expertise is required, which will be determined by Authority staff on a case-by-case basis.

2. A Registered Architect's or approved Professional Engineer's services and seal are required for public works projects:

- If the project is a public building; and
- The public building is to be used for education, assembly or office occupancy; and
- The public building is new and construction costs exceed \$100,000.00;

- or -

- The project is an alteration or addition to an existing public building and construction costs exceed \$50,000.00 and the alteration or addition requires removal, relocation, or addition of walls or partitions or alteration or addition of an exit.

3. If a project involves only the alteration of an existing building and the alteration does not involve a substantial structural or exit way change to the building, the project is exempt from these requirements. Applicability will be determined by Authority staff on a case-by-case basis.

G. Award of Contracts. The selection and award of a Professional Services Contract, including a PSA, MPSA, or Engagement Letter, shall be subject to all applicable requirements of the general and special laws of the State of Texas including, but not limited to, the provisions of Chapter 171 of the Texas Local Government Code and Chapter 2254 of the Texas Government Code.

- 1.** Fees for Professional Services may not exceed any maximums provided by law.
- 2.** PSAs and MPSAs must be approved by the Board if the total value of all anticipated WOs is expected to exceed \$75,000.00. The Board may authorize a not-to-exceed amount for a PSA or MPSA.
- 3.** If the Board authorized a not-to-exceed amount for a PSA or MPSA, then individual WOs do not need to be approved by the Board if the aggregate amount is within the

authorized not-to-exceed amount. If the Board does not authorize a not-to-exceed amount, each individual WO exceeding \$75,000.00 must be approved by the Board.

4. PSAs and MPSAs wherein the sum of all combined WOs is anticipated to be \$75,000.00 or less may be approved by the GM and do not require approval by the Board.
5. Individual WOs for a value of \$75,000.00 or less shall be approved by the GM and do not require approval by the Board.
6. If a PSA or MPSA was not originally approved by the Board, it must be brought to the Board for approval when the sum of all WOs exceeds \$75,000.00.
7. Engagement Letters must be approved by the Board if the total value of services for a specific engagement is expected to exceed \$75,000.00. The GM shall approve Engagement Letters when the total value of services for a specific engagement is anticipated to be \$75,000.00 or less.

H. Amendments to WOs Related to Contracts for Professional Services.

1. Amendments to a PSA, MPSA, or Engagement Letter. Any Amendment to the terms and conditions of a PSA, MPSA, or Engagement Letter must be approved by the Board if the Board approved the original PSA, MPSA, or Engagement Letter. Otherwise, the GM shall approve an Amendment to the terms and conditions of a PSA, MPSA, or Engagement Letter.
2. WOs over \$75,000.00. For a WO previously approved by the Board, the GM shall approve individual written Amendments up to \$50,000.00. Any individual Amendment greater than \$50,000.00 must be approved by the Board. The GM may approve individual Amendments of \$50,000.00 or less up to an aggregate sum of 25 percent of the original WO or \$500,000.00, whichever is less. Any Amendment in excess of said aggregate limit shall be approved by the Board.
3. WOs of \$75,000.00 and less. When the original WO amount plus all Amendments is \$75,000.00 or less, the GM may approve a written Amendment. When an Amendment results in a revised WO amount that exceeds \$75,000.00, the Board must approve such Amendment prior to commencement of the services associated with the Amendment.

4. Division of Amendments and WOs. Staff may not intentionally divide Amendments and WOs to avoid approval by the Board.

I. **Review of Professional Services Contracts.** Unless otherwise stipulated and approved in the original Contract document, staff is required to review Professional Service Contracts (including Engagement Letters) periodically, a minimum of every three (3) years, and renegotiate a new Contract or re-procure as necessary.

IV. PROCEDURES

A. General Information.

1. **Competitive Bidding.** SJRA may not select a provider of Professional Services on the basis of competitive bids. The Professional Services Procurement Act (Texas Government Code § 2254) governs the procurement of Professional Services.

2. **Consultation with SJRA Attorney.** The Professional Services Procurement Act does not address all Professional Services. If unsure whether a procurement is considered a Professional Service subject to this chapter, or which process to use, consultation with general counsel or the SJRA Director of Legal Services may be necessary.

3. **Procurement Method.** The method used to procure these services will vary according to the nature of the services, this chapter, and state law requirements. Generally, the RFP or the RFQ process will be used as described in this chapter.

4. **Maintenance of a List of Pre-Qualified Firms.** The Procurement Manager, in consultation with SJRA Departments and Divisions, in consultation with their respective Senior Manager, will establish the areas (disciplines) of Professional Services that SJRA may utilize, maintain a list of at least three qualified persons or firms for each area, and will contact the relevant pre-qualified persons or firms for all Professional Services pursuant to the procedures below. This list will be reviewed and updated at least twice annually.

5. **Communication.** To ensure the proper and fair evaluation of potential firms, all SJRA employees are prohibited from communicating with any parties outside of SJRA regarding the RFP/RFQ, other than individuals who may in the normal course of business have a need for such information, from the date the solicitation is posted to the time an award has been made by the Board, the GM, or their designee.

6. Types of Contracts:

6.1 A project-specific PSA can be used for the services of architects, engineers, and/or surveyors.

- PSAs will be project-specific but may have multiple WOs issued for each phase of the project.

6.2 A MPSA can be used for the services of architects, engineers, and/or surveyors.

- MPSAs will not be project-specific and will be of general nature (i.e. an on-call consultant for surveying, geotechnical, materials testing, civil engineering, or dam safety).
- Multiple WOs may be issued under a MPSA based upon individual assignments that are needed.
- MPSAs may not extend beyond three years. If a WO is executed prior to an MPSAs expiration, that WO may extend until completion of the services contemplated under that WO. No new WOs should be issued after the initial three-year term.

6.3 PCSA should be used for all other Professional Services that do not include architectural, engineering, or surveying services. Examples of these would be media and communications consulting services, professional GIS services, rate analysis, regulatory support services, etc.

6.4 Engagement Letter is typically used for legal, auditing or accounting, and financial advisory services.

7. SJRA wide contract. If a Professional Services provider is to perform similar services across multiple Divisions, a single PSA/MPSA/PCSA should be utilized that is issued SJRA-wide. Division-specific PSAs/MPSAs/PCSA with the same Professional Services provider should not be used for the same or similar services. Separate WOs may be issued for the different Divisions.

B. Outsourcing Assessment

SJRA staff shall complete an outsourcing assessment with each contract request form stipulating why SJRA requires engaging outside providers as opposed to conducting the work in-house.

C. Procurement of Architectural, Engineering, or Surveying Services

The Technical Services Department must be involved in the procurement of Architectural, Engineering, or Surveying Services. When procuring Architectural, Engineering, or Surveying Services, SJRA shall make the selection and award: i) first select the most highly qualified provider of those services on the basis of demonstrated competence and qualifications; and ii) *then* attempt to negotiate with that provider a contract at a fair and reasonable price.

1. Formal Solicitations

1.1 All MPSAs require a formal RFQ.

1.2 For project specific PSAs:

1.2.1 Construction related project(s)

- If the estimated construction cost is valued at \$1,000,000 or more, a formal RFQ is required;
- If the estimated construction cost is valued less than \$1,000,000 and the estimated total professional services contract amount for all WOs/phases of the Project will exceed \$75,000 for any individual firm; either use a MPSA or conduct a formal RFQ.

1.2.2 Non-Construction related projects

- If the estimated total professional services contract amount for all WOs/phases of the Project will exceed \$75,000 for any individual firm; a formal RFQ is required.

1.3 Individuals responsible for the development of a formal RFQ must use the most current version of the RFQ template found on Procurement's SharePoint site.

1.4 A formal RFQ sets forth criteria by which the selection of these types of Professional Services will be made. The criteria may be customized to each formal RFQ and need not include every listed criterion. Criteria - weighting factors *must* be utilized to identify the relative importance placed upon these items and any other criteria as established for each formal RFQ. Below are some of the evaluation criteria commonly used:

- Summary of prospective provider administration, organization and staffing;
- Demonstrated competence and qualifications of the individuals who will be directly responsible for the management and delivery of the proposed work;
- Demonstrated technical adequacy of the personnel and sub - consultants to be utilized for the proposed work;
- Demonstrated experience of the service provider based upon previous work similar to that of the type considered;
- Demonstrated success of the service provider based upon the record of performance on other projects (both SJRA and projects for other entities);
- Demonstrated history of provider's ability to perform within budget constraints;
- Workload capacity and history of performing work within a specified schedule;
- Proposed approach for the work; and
- Other factors that may be applicable.

1.5 A formal RFQ must be publicly posted in the e-Marketplace System for all firms interested in doing business with SJRA to review the terms, conditions, and scope of work. The posting should be open for a minimum of three (3) weeks. More complex solicitations may require a longer time period and a mandatory pre-proposal conference.

1.6 Attendance lists at the pre-proposal conferences, if applicable, and any addenda issued during the solicitation process will be posted in the e-Marketplace System. Addenda should be posted at least 48 hours prior to the due date and time.

1.7 In response to the formal RFQ, the prospective provider of these Professional Services is asked to submit a sealed SOQ. Sealed SOQs may not be opened until after the due date and time.

1.8 SOQs will be evaluated using the following methodology:

- The evaluation committee will be comprised of representatives from Technical Services Department, the impacted division(s), and other relevant internal departments. Optional participants may include the Manager, the Senior Manager over the Division, and the Senior Manager over Technical Services.

- The Contract Manager will determine whether individual scoring (average scores) or consensus scoring (one score agreed upon by all members of the evaluation committee) will be used.
- Each SJRA employee assigned as an evaluation committee member must review and agree to the terms of the non-disclosure and conflict of interest disclosure statement.
- Procurement shall export a spreadsheet from the e-Marketplace System to use during the evaluation committee meeting.
- Proposals will be evaluated based on the weighted criteria published in the RFQ.
- Proposals will be ranked in order based on the weighted scores.
- Procurement shall record the preliminary scores recommended by the evaluation committee into the spreadsheet.
- All firm(s) reasonably considered to be selected based on criteria set forth in the RFQ may be given an opportunity to make a presentation and/or interview with the SJRA and provide additional documentation as requested.
- Following any interviews/presentations, firms will be evaluated based on their interviews/presentations.
- The Contract Manager is responsible for briefing the impacted Division/Department Manager and relevant Senior Manager prior to the evaluation scores being finalized in the e-Marketplace System.
- The Contract Manager shall inform Procurement that the final evaluation score (initial score plus interview/presentation score) and ranking can be recorded by Procurement in the e-Marketplace System.
- Reference checks and other due diligence may be performed at any time throughout the evaluation process.
- Contract negotiations will begin with the most highly qualified provider. The appropriate Senior Manager(s) have the option to participate in the contract negotiations.
- The draft scope and fee with the successful firm shall be routed to the relevant Senior Manager(s) for review and approval.
- Should negotiations with the most highly qualified provider fail to yield a contract, negotiations will formally end and will commence with the next most highly qualified provider until an agreement is reached.
- The SJRA may, in its sole discretion, award a Professional Services contract without interviews/presentations or negotiations, and based solely on information supplied in the responses.

2. Informal Solicitations

- 2.1** An informal RFQ may be used in lieu of a formal RFQ when the estimated total professional services contract amount for all WOs/phases of the Project for any individual firm providing architectural, engineering, or land surveying services is expected to exceed \$25,000 but less than or equal to \$75,000.
- 2.2** An informal RFQ outlines project background, anticipated scope, and requested information such as project manager/lead technical professional resume(s) and one or more relevant example projects. Informal RFQs must be sent, at a minimum, to all relevant pre-qualified firms in the qualifications list based on the professional service being used.
- 2.3** The Contract Manager, in consultation with division management, the Technical Services Department Manager, and Senior Management, will recommend the most highly qualified provider based upon the information submitted in response to the Informal RFQ.

3. Selection of Firms for Projects \$25,000 or Less

If the estimated total contract amount for all WOs/phases of the Project for any individual firm providing architectural, engineering, or land surveying services is anticipated to be \$25,000 or less, the Contract Manager, in consultation with division management, the Technical Services Department Manager, and Senior Management, will recommend the most highly qualified provider using their professional judgment. A contract executed under this section may not be amended to increase the value over \$25,000 without a legitimate business justification.

4. Neither a formal nor informal RFQ is required when:

- 4.1** The proposed Project is the extension or expansion of a previous project; however, in all instances, the selection made must ultimately be the most highly qualified provider.
- 4.2** The project is being completed under a MPSA that was previously procured via formal RFQ.

D. Procurement of Outside Legal Services.

For any new engagement the GM will select a well-qualified attorney or law firm on the basis of demonstrated competence, qualifications, and experience in the requested services and attempt to negotiate an engagement letter with that attorney or law firm for a fair and reasonable price. For engagements in excess of \$25,000, the GM will request written materials documenting the qualifications of the attorneys or law firms being considered for the engagement.

E. Procurement of Other Professional Services.

When procuring professional consulting services for financial, accounting, planning, analysis, studies, personal or other Professional Services, SJRA shall make the selection and award: i) on the basis of demonstrated competence and qualifications to perform the services, *and* ii) for a fair and reasonable price.

1. Formal Solicitations

- 1.1** A formal RFP must be used when the contract value of all WOs/phases of the Project for any individual firm is expected to be more than \$75,000.
- 1.2** Individuals responsible for the development of a formal RFP must use the most current version of the RFP template found on Procurement's SharePoint site.
- 1.3** The same criteria as set forth in the formal RFQ process may be used in the formal RFP process with the optional addition of pricing. Types of criteria regarding pricing include asking for the total proposed price, pricing methodology, hourly rate(s), and/or similar pricing information. The formal RFP must specify the relative importance of price and other evaluation factors. Like the formal RFQ, each formal RFP may be customized based on the unique circumstances of each solicitation.
- 1.4** A formal RFP must be publicly posted in the e-Marketplace System for all firms interested in doing business with SJRA to review the terms, conditions and scope of work. The posting must be open for a minimum of three (3) weeks. More complex solicitations may require a longer time period.

- 1.5** Attendance lists at the pre-proposal conferences, if applicable, and any addenda issued during the solicitation process will be posted in the e-Marketplace System. Addenda should be posted at least 48 hours prior to the due date and time.
- 1.6** In response to the formal RFP, the prospective provider submits sealed proposals. Sealed proposals may not be opened until after the due date and time.
- 1.7** Sealed proposals will be evaluated using the following methodology:
- The evaluation committee will be comprised of representatives from the impacted Division(s) and other relevant internal departments. Optional participants may include Senior Management.
 - The Contract Manager will determine whether individual scoring (average scores) or consensus scoring (one score agreed upon by all members of the evaluation committee) will be used.
 - Each SJRA employee assigned as an evaluation committee member must review and agree to the terms of the non-disclosure and conflict of interest disclosure statement.
 - Procurement shall export a spreadsheet from the e-Marketplace System to use during the evaluation committee meeting.
 - Proposals will be evaluated based on the weighted criteria published in the RFP.
 - Proposals will be ranked in order based on the weighted scores.
 - Procurement shall record the preliminary scores recommended by the evaluation committee into the spreadsheet.
 - All firm(s) reasonably considered to be selected based on criteria set forth in the RFP may be given an opportunity to make a presentation and/or interview with the SJRA and provide additional documentation as requested.
 - Following any interviews/presentations, firms will be evaluated based on interviews/presentations.
 - The Contract Manager is responsible for briefing the relevant Senior Manager prior to finalizing the evaluation scores in the e-Marketplace System.
 - The Contract Manager shall inform Procurement that the final evaluation score (initial score plus interview score) and ranking can be recorded by Procurement in the e-Marketplace System.

- Reference checks and other due diligence may be performed at any time throughout the evaluation process.
- Contract negotiations will begin with the top-ranked firm. The appropriate Senior Manager(s) have the option to participate in the contract negotiations.
- The draft contract with the successful firm shall be routed to the relevant Senior Manager for review and approval.
- Should negotiations with the highest-ranked firm fail to yield a contract, negotiations will formally end and will commence with the next highest-ranked firm until an agreement is reached.
- The SJRA may, in its sole discretion, award a Professional Consulting Services Contract without interviews or negotiations, and based solely on information supplied in the responses.

2. Informal Solicitations

- 2.1** An informal RFP may be used if the contract value of all WOs/phases of the Project for any individual firm is expected to exceed \$25,000 but be less than or equal to \$75,000.
- 2.2** An informal RFP outlines project background, anticipated scope, and requested information such as project manager resume(s), and one relevant example project. Informal RFPs may also include the addition of pricing with similar criteria to that of the formal RFP. Informal RFPs must be sent, at a minimum, to all pre-qualified firms on the appropriate list in the qualification's library based on the professional service being used.
- 2.3** The relevant Division/Department Manager(s) or their designee(s) in consultation with their Senior Manager, will recommend the most competent and qualified provider for a fair and reasonable price based upon the information submitted in response to the Informal RFP.

3. Selection of Firms for Projects \$25,000 or Less

If the estimated total contract amount for all WOs/phases of the Project for any individual firm is anticipated to be \$25,000 or less, the relevant Division/Department Manager and their respective Senior Manager will recommend the most competent and qualified provider using their professional judgement for a fair and reasonable

price. A contract executed under this section may not be amended to increase the value over \$25,000 without a legitimate business justification.

4. Neither a formal RFP nor an informal RFP is required when:

The services are the extension or expansion of a previous effort. However, in all instances, the selection made must ultimately be the most competent and qualified provider for a fair and reasonable price.

F. Amendments To WO(s) Related To Contracts For Professional Services.

Amendments to WOs related to contracts for Professional Services must follow the procedures outlined in the Approval and Delegation of Authority Chapter in the Procurement Manual.

G. Review, Approval, and Execution of Contracts and Amendments. See Delegation of Authority Chapter.

H. Periodic Review of Professional Services Contracts

1. *Contract Terms.* PSAs and MPSAs with terms in excess of three years or with more than two (2) renewal options must be approved by the Board.
2. *Required Review.* PSAs and MPSAs must be reviewed at least every three years and reprocured or renegotiated as necessary, (b) Engagement Letters for ongoing legal services will be reviewed by the GM.

V. EXHIBITS

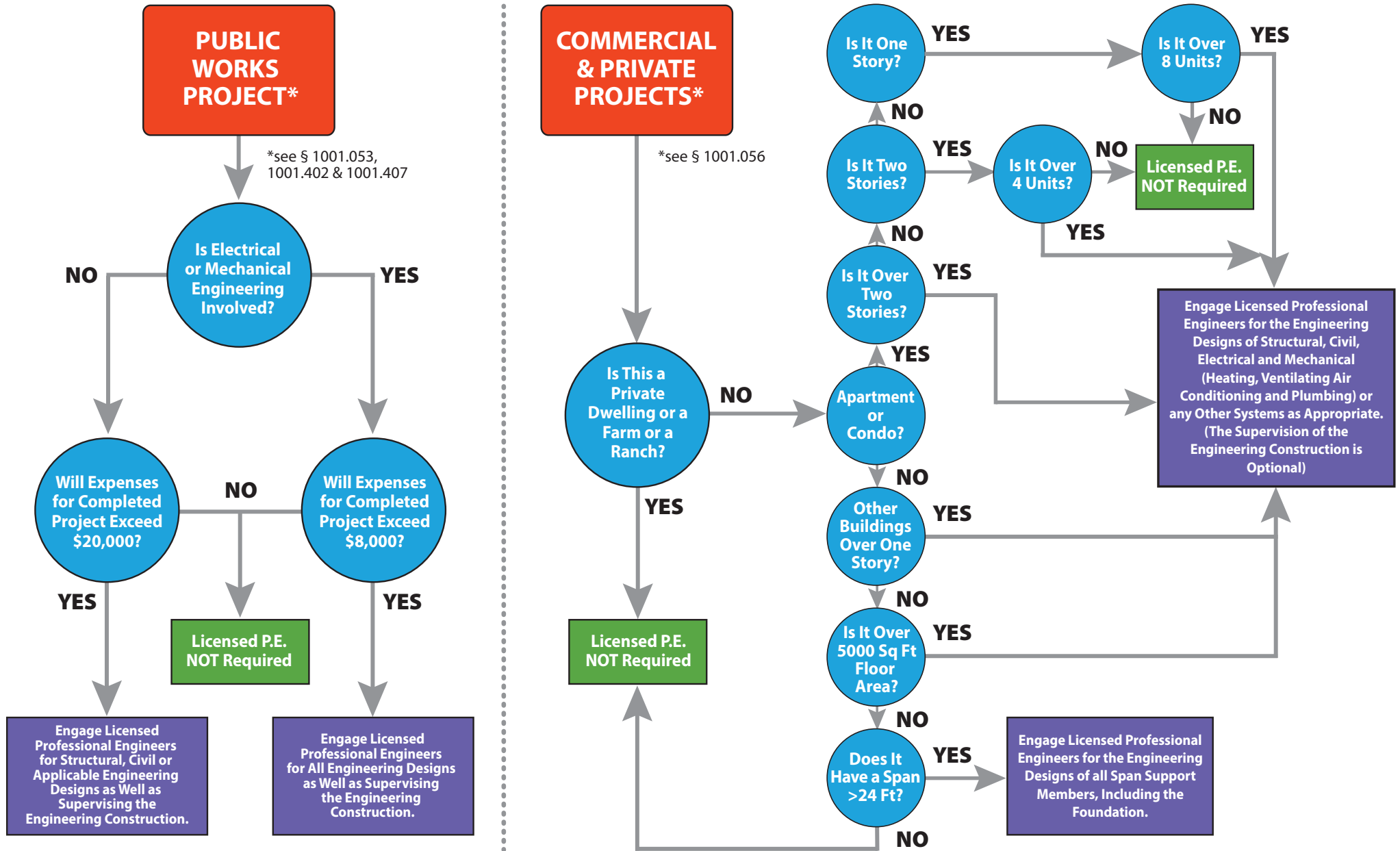
A. Texas Board of Professional Engineers and Land Surveyors Flowchart: When is a Professional Engineer required on a project?

B. Texas Board of Architectural Examiners Flowchart: When to Engage an Architect or Approved Engineer for Design and Construction Observation

When is a Professional Engineer required on a project?



Texas Board of Professional Engineers
Engineering For A Better Texas

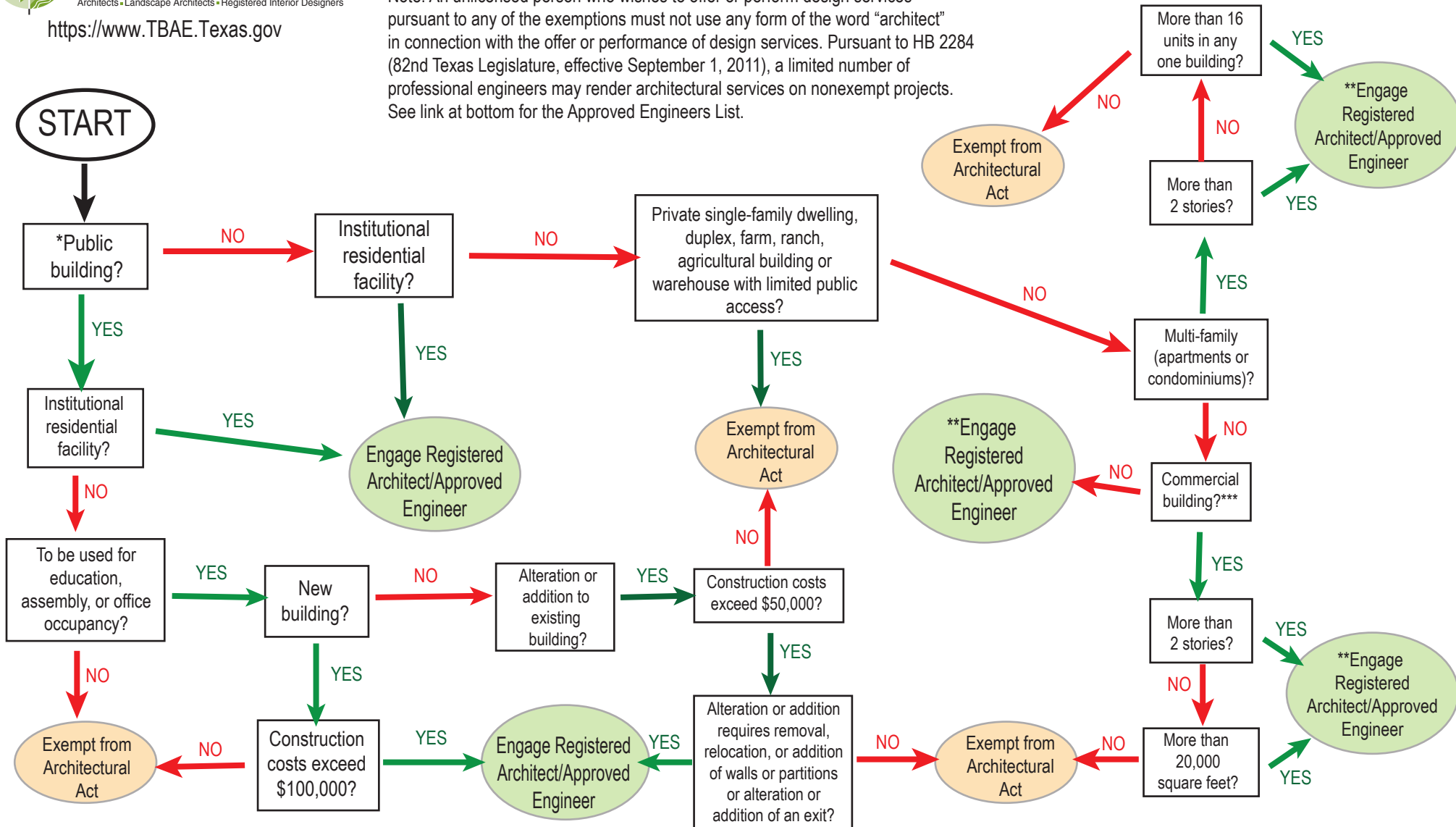


This flowchart is intended for guidance purposes only and the Texas Engineering Practice Act and Rules govern final interpretation. Local codes and ordinances may be more restrictive as long as not in conflict with the Texas Engineering Practice Act and Rules.

Visit <http://engineers.texas.gov/downloads.htm> for a copy of the Texas Engineering Practice Act and Board Rules and download this diagram.

When to Engage an Architect or Approved Engineer for Design and Construction Observation

Note: An unlicensed person who wishes to offer or perform design services pursuant to any of the exemptions must not use any form of the word "architect" in connection with the offer or performance of design services. Pursuant to HB 2284 (82nd Texas Legislature, effective September 1, 2011), a limited number of professional engineers may render architectural services on nonexempt projects. See link at bottom for the Approved Engineers List.



* "Public Building" means any building that is owned by a State agency, a political subdivision of the State, or any other public entity in Texas.

** If a project involves only the alteration of an existing building and the alteration does not involve a substantial structural or exitway change to the building, the project is exempt from the architectural act.

*** "Commercial building" means an enclosed structure primarily used for the purchase, sale, or exchange of commodities or services.

ADMINISTRATIVE PROCEDURES	
Finance & Administration	Chapter 6: Procurement of Construction Services
Procurement Department	Effective Date: 11/1/2021
Authorization: {Jace Houston approval emailed 10/27/2021}	

I. PURPOSE

The purpose of this chapter is to describe the procurement and contracting process for the construction, alteration, demolition, or any other improvements to facilities and assets that constitute or will constitute the plant, works, facilities, or improvements of the Authority.

II. STATUTORY REFERENCES

All references herein to federal or state laws or regulations shall mean and refer to such laws or regulations as amended from time to time.

A. Water Code, Chapter 49, Subchapter I.

B. Government Code, Chapter 2269.

III. POLICY

The SJRA Board of Directors approved Procurement Resolution 2021-R-03 on January 28, 2021. The following policy provisions are found in Section III. Policy, E. Procurement of Construction Services.

A. Advertised Solicitation. Construction Services Agreements of more than \$75,000.00 require formal advertising and must follow either the competitive bidding requirements in Chapter 49 of the Texas Water Code or an alternative procurement method in Chapter 2269 of the Texas Government Code.

- 1. Competitive Bidding.** Construction Services Agreements of more than \$75,000.00 require formal advertising with sealed competitive bids in accordance with the competitive bidding procurement method prescribed under Chapter 49 of the Texas Water Code; provided, however, that any contracting and delivery method authorized under Chapter 2269 of the Texas Government Code may be used as an alternative to said competitive bidding procurement method.

2. Alternative Procurement Methods. The GM may designate for use any of the alternative procurement methods prescribed in Chapter 2269 of the Texas Government Code, when in the best interests of the Authority. Chapter 2269 of the Texas Government Code supersedes the competitive bidding requirements in Chapter 49 of the Texas Water Code when utilizing such an alternative procurement method.

B. Informal Solicitation. For Construction Services Agreements over \$25,000.00 and equal to or less than \$75,000.00, written competitive quotes on uniform written specifications must be solicited from at least three contractors. Formal advertising is not required.

C. Bonds.

1. Security for Bid/Offer. In accordance with Section 49.271(c) of the Texas Water Code, for Construction Services Agreements over \$50,000.00, Authority staff shall require each respondent who submits a bid or offer to submit a certified or cashier's check from a responsible bank in the State of Texas equal to at least two percent of the total amount of the bid/offer, or a bond of at least two percent of the total amount of the bid/offer, issued by a surety legally authorized to do business in the State of Texas, as a good faith deposit to ensure execution of the Agreement.

2. Performance Bond. In accordance with Chapter 2253 of the Texas Government Code, for Construction Services Agreements over \$100,000.00, a performance bond is required in the full amount of the Agreement and shall be conditioned on the faithful performance of work in accordance with the plans, specifications, and Contract Documents.

3. Payment Bond. In accordance with Chapter 2253 of the Texas Government Code, for Construction Services Agreements over \$25,000.00, a payment bond is required in the full amount of the Agreement and is solely for the beneficiaries who have a direct contractual relationship with the prime contractor or a subcontractor to supply public work, labor, or Materials.

D. Subdivide Work. Authority staff may not intentionally subdivide work to avoid the advertising requirements.

E. Substituted Items on Bids. Authority staff may not accept a bid that includes substituted items unless the substituted items were included in the original bid and all respondents had the opportunity to bid on the substituted items or unless notice is given to all

respondents at a mandatory pre-bid conference. This paragraph does not apply when an alternative procurement method in Chapter 2269 of the Texas Government Code are used.

F. Wage Rates. Authority staff must require the use of the general prevailing rate of per diem wages for each craft or type of worker in the locality in which a construction project for the Authority is to be performed and the general prevailing rate of per diem wages for legal holiday and overtime work by using the prevailing wage rates determined by the United States Department of Labor under with the Davis-Bacon Act (40 U.S.C. Section 276a *et seq.*).

G. Award of Contracts. The selection and award of Construction Services Agreements shall be subject to all applicable requirements of the general and special laws of the State of Texas including, but not limited to, the provisions of Chapter 49 of the Texas Water Code and/or Chapter 2269 of the Texas Government Code.

1. Construction Services Agreements where the total value is anticipated to exceed \$75,000.00 must be approved by the Board of Directors.
2. Construction Services Agreements where the total value is anticipated to be \$75,000.00 or less may be approved by the GM and do not require approval of the Board of Directors.

H. Amendments and Change Orders.

1. **Amendments to a Construction Services Agreement.** Any Amendment to terms and conditions of a Construction Services Agreement must be approved by the Board if the Board of Directors approved the original Agreement. Otherwise, the GM may approve Amendments to the terms and conditions of a Construction Services Agreement.
2. **Change Orders to Agreements of \$75,000.00 and less.** When the original Construction Services Agreement amount plus all Change Orders is \$75,000.00 or less, the GM may approve a written Change Order provided the Change Order does not increase the total amount set forth in the Construction Services Agreement to more than \$75,000.00. When an individual Change Order exceeds \$50,000.00 (additive or deductive) or results in a revised total Construction Services Agreement amount that

exceeds \$75,000.00, the Board of Directors must approve such Change Order prior to commencement of the services or work as modified by the Change Order.

- 3. Change Orders to Agreements over \$75,000.00.** The GM may approve individual written Change Orders provided each individual Change Order does not exceed \$50,000.00 (additive or deductive). A Change Order in excess of \$50,000.00 (additive or deductive) must be approved by the Board of Directors prior to commencement of the services or work as modified by the Change Order. The GM may approve multiple individual Change Orders of \$50,000.00 or less up to an aggregate sum of 25% of the original Construction Services Agreement or \$500,000.00, whichever is less. Any change in excess of said aggregate limit shall be approved by the Board of Directors.
- 4. Limit on Changes.** The aggregate sum of Change Orders may not increase the original Construction Services Agreement price by more than 25% unless due to (i) unanticipated conditions encountered during construction, (ii) renovation or changes in applicable regulatory criteria, or (iii) to facilitate project coordination with other political entities.
- 5. Final Closeout.** The final Change Order closing out the Construction Services Agreement where the final quantities are adjusted to equal the actual quantities is not considered a Change Order for purposes of this section.
- 6. Division of Amendments and Work Order.** Staff may not intentionally divide Amendments and Change Orders solely to avoid approval by the Board of Directors.

IV. PROCEDURE

A. General Information.

- A. Competitive Bidding/Proposals.** The procurement of Construction Services is subject to competitive bidding, competitive proposals or one of the other approved alternative procurement methods.
- B. Consultation with SJRA Attorney.** If unsure whether a procurement is considered Construction Services subject to this chapter, or which process to use, consultation with general counsel or the Director of Legal Services may be necessary.

C. Pre-Approved Procurement Methods. The method to procure Construction Services may vary according to the project complexity, risk/liability, and totality of the circumstances. Generally, the CSP, RFB, or RFQuote methods will be used as described in this chapter.

D. Alternative Procurement Methods. See Delegation of Authority Chapter in the Purchasing Manual to use any alternative procurement method other than CSP, RFB, or RFQuote.

E. Sealed Specifications and Drawings. The requirements for sealed specifications and drawings are found in the Procurement of Professional and Consulting Services Chapter.

F. Type of Agreements:

6.1 The Minor Construction Services Agreement may be used for Construction Services estimated to be less than \$400,000.00, based on the OPCC. However, site conditions, project complexity, risk/liability, and the totality of the circumstances should be taken into consideration and may warrant using the Major Construction Agreement.

6.2 The Major Construction Services Agreement must be used for Construction Services estimated to be \$400,000.00 or greater, based on the OPCC. The Minor Construction Services Agreement may be used for Construction Services \$400,000.00 or greater with prior approval of the GM.

6.3 The Stand-by Services Agreement may be used for annual term contracts for Construction Services where indefinite quantities and indefinite deliveries are anticipated. Each individual work order issued for Construction Services under a Stand-By Services Agreement must follow the bonding, insurance, and wage rate requirements in this chapter.

G. Funding Sources. There may be unique procurement requirements depending on the funding source. See the Procurement with Federal or State Funding Chapter.

B. Solicitation Requirements.

1. Formal Solicitations over \$75,000.00.

- 1.1** A formal CSP or RFB must be used for any Construction Services estimated to be over \$75,000.00.
- 1.2** All formal solicitations for Construction Services must be advertised in the Houston Business Journal a *minimum* of once a week for two consecutive weeks. The first publication must be more than 14 days prior to the date of the opening of sealed bids/proposals.
- 1.3** All formal solicitations must be publicly posted in the E-Marketplace System for all firms interested in doing business with SJRA to review the terms, conditions, technical specifications, and any drawings for the Project. The posting must be open for a minimum of fourteen days. While a 14-day advertisement may satisfy the statutory minimum requirements, it is recommended that consideration be given to a timeframe that affords interested eligible contractors the opportunity to submit quality proposals. Therefore, more complex solicitations require a longer time period. Additionally, procurements with state or federal funding sources may have different advertisement requirements.
- 1.4** Procurement will send out a notification to SJRA staff and other stakeholders that any communication with potential contractors regarding the Project is strictly prohibited. This “cone of silence” period is from the date of advertising/posting through the contract award. The purpose of this silence period is intended to protect the integrity of the procurement process by shielding it from undue influences prior to the contract award.
- 1.5** Solicitation Documents. The front end of the solicitation documents are prepared by Procurement staff in consultation with the Contract/Project Manager. It typically includes such information as:
 - Information about SJRA
 - Location and description of the project
 - The CSP method of procurement must include the budget estimate or the OPCC
 - The CSP method of procurement must include the estimated contract duration to substantial completion and/or final completion
 - Notice to respondents shall provide the instructions for how respondents may receive the documents as well as how respondents may submit their

responses. The Authority is required to allow hard copy submittals; however, we are also allowed to receive electronic submittals

- All questions from interested respondents must be directed to the E-Marketplace system. This allows the Procurement staff to see and respond, in the designated buyer's absence. Not all questions have to be answered, nor do all questions have to be made public. Some questions and the appropriate answers may result in an addendum that gets posted for all respondents to acknowledge. Changes to sealed technical specifications or drawings must be sealed by the Principal A/E
- The Schedule of Important Dates provides the date for issuing the solicitation, events such as a pre-proposal conference, due date/time for responses, and estimated timeframe for evaluations and award of the Agreement
- Pre-Proposal Conference. When necessary, a pre-proposal conference is conducted to discuss the project. Interested parties are highly encouraged, and in some cases are required, to attend and participate in the conference. The pre-proposal conference is typically conducted in the following manner as may be determined to be relevant, helpful, or appropriate by the Contract/Project Manager:
 - All attendees sign an attendance roster
 - SJRA provides a brief summary of the project description, size, scope, and construction time
 - SJRA provides information about the bidding requirements, purchasing procedures, and contracting requirements including bonding and insurance requirements
 - SJRA reviews the deadline for questions and requests for clarification and any other important procurement milestones
 - The Contract/Project Manager and/or Principal A/E, if applicable, discusses the project details including a review of the drawings and specifications allowing time for questions and answers
 - Site visits may be made available following the pre-proposal conference in order for all interested parties to become acquainted with the site conditions. All interested parties should be invited to the site visit. Multiple site visits may be scheduled as necessary. Individual party site visits are discouraged
 - Discussion of any other matters determined to be of importance to the Contract/Project Manager
 - SJRA and/or the Principal A/E will record the minutes of the meeting.

- There are several kinds of pre-proposal conferences:
 - ❖ Non-Mandatory. A non-mandatory pre-proposal conference allows, but does not require, interested parties to attend a meeting with SJRA and SJRA's Principal A/E, if applicable, to discuss the project and conduct a site visit, if needed
 - ❖ Mandatory. A mandatory pre-proposal conference requires interested parties to attend a scheduled meeting with SJRA and SJRA's Principal A/E, if applicable. Attendance at the meeting is a condition of submitting a bid or proposal to SJRA
 - ❖ Virtual. If a site visit is not necessary, the Contract/Project Manager may decide that a virtual pre-proposal conference (either mandatory or non-mandatory) may be sufficient
- Bid/Proposal Security. A bid security accomplishes two things: 1) assurance that the respondent bidding the work will execute the Contract Documents, and 2) assurance that the respondent bidding is eligible to obtain proper Performance and Payment Bonds
 - For construction Agreements over \$25,000.00, a bid security will be required in the amount of five (5%) percent of the maximum amount bid including the highest possible combination of alternates bid, payable without recourse to the Authority. The bid security may be a certified or cashier's check on a responsible bank in Texas or a bid bond issued by a surety legally authorized to do business in Texas. However, if the construction Agreement is more than \$250,000.00, the respondent must provide a bid bond as a good faith deposit to ensure execution of the Agreement
 - The bid security will be retained by the Authority until the successful respondent has executed the Agreement and furnished all required insurance, bonds, and other required certifications
 - The Authority may retain the bid security of all respondents who may have a reasonable chance of receiving the award. The Authority will return all cashier's checks within 5 calendar days after the Agreement is executed and all bonding requirements are satisfied. The Authority may return cashier's checks for those respondents which are not competitive within fourteen (14) calendar days after the bid/proposal opening
- Standard Terms & Conditions. The solicitation document contains standard terms and conditions that are the same or similar for every solicitation. These include provisions that each respondent must acknowledge and agree to before their submittal is accepted

- **Special Terms & Conditions.** The solicitation may contain special terms and conditions that are unique for each specific project. This may include unique grant requirements if the project is funded in whole or part with grant funds
- **General Conditions of the Agreement.** The General Conditions of the Agreement are the standard terms and conditions that supplement the Contract Documents. They are contractual. They may be referenced with a link in the solicitation document; however, they must be included in the Major Construction Services Agreement executed by the successful contractor
- **Project Specific Conditions of the Agreement.** These are unique conditions of the Agreement that are specific to the project being solicited. These include, but are not limited to, the bonding requirements, owner designated subcontractors and/or suppliers, and existing site conditions for the project including any special studies or technical reports that will be made available to all interested respondents
- **Evaluation and Award of an Agreement.** This section of the solicitation document provides the details for how SJRA staff will evaluate the responses received. A RFB will be evaluated and awarded to the lowest responsible bidder meeting the specifications. A CSP will be evaluated based on the weighted criteria in the CSP and award will be made to the respondent who is ranked the highest during the evaluation. For each evaluation criterion, a submission requirement is needed (see next paragraph)
- **Submission Requirements.** This section is designed to inform the respondent of exactly what information needs to be provided for SJRA to evaluate the submittal responses
- **Certification/Acknowledgement Form.** The intent of the certification and acknowledgement form is for respondents to affirm that they have read, understand, and are qualified to perform the work described in the solicitation documents. They certify they have not conspired (colluded) with other respondents in order to position themselves or other parties during the solicitation process. Additionally, the certification must be executed by a representative from the company that is authorized to bind the company with the proposal submitted
- **Bid/Proposal Form.** The bid/proposal form is prepared by the Contract/Project Manager or Principal A/E, if applicable. It may be detailed with estimated quantities with a request for unit costs or it may be lump sum with no unit costs. The bid/proposal form may also include alternate bid/proposal items. If there are alternates to be considered, the RFB/CSP

will clearly outline the evaluation process for evaluation of the base bid/proposal plus any alternates requested

- Other forms required for evaluation of CSP responses:
 - Company Organization and Business Information
 - Experience and Past Performance of Respondent with Similar Projects
 - Experience and Qualifications of Proposed Key Personnel with Similar Projects
 - Project Approach
 - Safety Program
 - Respondent's Litigation, Claims, and Compliance for Public Sector Owners in Texas
 - Proposal Security Form
 - Cost and/or Schedule Reduction Suggestions (Optional)
 - Certification and Acknowledgement

1.6 Contract Documents. The solicitation as advertised and issued must include the Contract Documents. The components of the Contract Documents include:

- Solicitation
- Technical Specifications and Drawings. These will be sealed by a licensed A/E, if required
- Prevailing Wage Rates. The Contract Documents must include the Davis-Bacon wage rates downloaded from the Sam.gov website at [SAM.gov | Wage Determinations](https://sam.gov/wage-determinations). The Buyer must find the appropriate wage determination by filtering the search by state, county, and construction type
- Liquidated Damages. The Contract Documents must specify the estimated cost of damages that SJRA will incur (liquidated damages) if the Contractor fails to complete the work as stipulated in the Construction Services Agreement
- Bonding Requirements:
 - The Payment Bond, Performance Bond, and One-Year Maintenance Bond (package) are required for all Construction Services Agreements in excess of \$25,000.00. SJRA's bond forms included in the Contract Documents must be used for all bonds received
 - Second Year Maintenance Bond is optional. Project/Contract Manager in consultation with Division Manager determines the need and value depending on magnitude of the project, scope of work, warranty, and other extenuating factors

- One-Year Surface Correction Bond is optional and is not typically required. Project/Contract Manager in consultation with Division Manager determines the need and value depending on the magnitude of the project, scope of work, warranty, and other extenuating factors
- Insurance Requirements. The Agreement includes standard insurance terms and conditions and limits of coverage; however, those limits must be reviewed for each solicitation and may be adjusted according to the project complexity, risk/liability, and totality of the circumstances

1.7 Addenda. Any changes or clarifications to the solicitation documents must be made available to all known interested parties. These are posted in the E-Marketplace System and interested parties who have downloaded the solicitation documents will automatically be notified.

- All questions about the meaning or intent of the solicitation or Contract Documents should be directed to the Buyer who will consult with the Contract/Project Manager
- The Contract/Project Manager may consult with the Principal A/E, if applicable, for all technical interpretations or clarifications
- The Procurement Department will issue any addenda required to modify or clarify the solicitation documents to all known interested parties
- Such addenda and letters of clarification may be labeled as official “Addenda” and shall modify and become part of the executed Contract Documents accordingly
- No oral or other interpretations or clarifications will be considered official or binding
- Substitutions vs Or Equal:
 - *Substitution* requests during the procurement phase: SJRA may consider substitutions from responding contractors during the procurement process. Any request for substitution(s) must be submitted by a contractor responding to the solicitation before the deadline for questions listed in the solicitation. SJRA will not consider any substitution requests from vendors or other third-parties. Each substitution request shall include the name of the material or equipment which is proposed to be replaced and a complete description of the proposed substitution including drawings, cuts, performance and test data, and any other information necessary for an evaluation. Responding contractors shall include a statement indicating any other changes in other materials, equipment, or work that would be required if the substitution were to

be included. The burden of proof of the merit of the proposed substitution is upon the responding contractor. SJRA's decision of approval or disapproval of a proposed substitution shall be final. If SJRA approves any proposed substitution before the date for receipt of the solicitation, such approval will be set forth in an Addendum issued to all prospective respondents. Responding contractors shall not rely upon approvals made in any other manner

- *Or Equal* requests during the procurement phase: Except where specifically provided otherwise, whenever any product is specified by brand name, i.e., manufacturers or supplier's name or trade name and catalog or model number or name, the intent is not to limit competition but to establish a standard of quality which SJRA and/or the Principal A/E has determined is necessary. The words "Or Equal" shall be deemed inserted in each instance. The selected contractor may use any product equal to that named in the Contract Documents which is approved by SJRA and the Principal A/E and which meets the requirements of the Contract Documents. If any respondent wishes to have an Or Equal considered during the procurement phase, the responding contractor shall submit documentation supporting such request by the deadline for questions listed in the solicitation. The burden of proving the item to be an Or Equal is on the responding contractor. SJRA will not consider any Or Equal requests from vendors or other third-parties. SJRA's decision of approval or disapproval of a proposed Or Equal shall be final. If SJRA approves any proposed Or Equal before the date for receipt of the solicitation, such approval will be set forth in an Addendum issued to all prospective respondents. Responding contractors shall not rely upon approvals made in any other manner

1.8 Receipt of Bids/Proposals.

- Procurement will receive all hard copy bids/proposals at the G&A offices on Dam Site Road
- Electronic responses must be submitted via the E-Marketplace System. They remain encrypted and sealed until the due date and time, at which time the buyer is able to unseal them
- The buyer will read aloud all hard copy and electronic proposals received at the public bid opening, if applicable
- The name of each Respondent and the monetary value of the Bid/Proposal submitted will be read aloud

1.9 Procedures for Evaluation of Qualified Respondents.

- RFB. The Authority may conduct such investigations as deemed necessary and as may be allowed by law to determine the responsibility of prospective bidders. To determine which bidders are responsible, the Authority may require prospective bidders to submit one or more of the following:
 - Bidder's financial records
 - Information relating to whether the bidder has paid or settled all claims for payment promptly
 - Bidder's previous experience
 - Description of bidder's present commitments
 - Where bidder maintains a permanent place of business
 - Whether bidder has adequate infrastructure, staff, and equipment available to complete the work properly and expeditiously
 - Description of bidder's technical experience related to the project
 - References for work similar in size and scope to the project being bid
 - List of proposed subcontractors
 - List of proposed suppliers and materials, and
 - Bidder's safety record
- CSP. SJRA must evaluate and rank each proposal submitted not later than the 45th day after the date on which the proposals are opened, in relation to the published selection criteria. Standard evaluation criteria includes:
 - Cost Proposal. For civil works projects, the weighted value assigned to price must be at least 50% of the total weighted value of the selection criteria (not including any interview points), unless the SJRA Board determines that a lower weighted value is in the public interest, however, SJRA may not assign a weighted value less than 36.9% to cost
 - Organization and Business Information
 - Experience and Past Performance with Similar Projects
 - Experience and Qualifications of Proposed Key Personnel with Similar Projects
 - Project Approach
 - Safety Program
 - Litigation, Claims, and Compliance
- Interviews. All firm(s) reasonably considered to be selected based on criteria set forth in the CSP may be given an opportunity to make a presentation and/or interview with SJRA and provide additional documentation as requested

- Scoring. The Contract/Project Manager will determine whether individual scoring (average scores) or consensus scoring (one score agreed upon by all members of the evaluation committee) will be used
 - Procurement shall record the *preliminary* scores recommended by the evaluation committee into a spreadsheet
- Due Diligence. Procurement (with assistance from the Contract/Project Manager) shall conduct checks of contractor references, contractor performance records, contractor financial records, and any other supplemental information needed to complete the evaluation
 - The Contract/Project Manager is responsible for briefing the impacted Division/Department Manager(s) and relevant Senior Manager(s) prior to the evaluation scores being finalized in the E-Marketplace System
- SJRA must make the CSP evaluations, including any scores, public and provide them to all respondents no later than the 7th business day after the Agreement is awarded.

2. Informal Solicitations for Construction Services over \$25,000.00 and equal to or less than \$75,000.00.

2.1 For Construction Services with an estimated value over \$25,000.00 but equal to or less than \$75,000.00, written competitive quotes (RFQuotes) on uniform written specifications must be solicited from at least three respondents. CSP is also an acceptable procurement method for Construction Services in this category. The e-Marketplace System will be utilized when time and circumstances allow. The Procurement Department and requesting Department/Division will coordinate the solicitation to ensure all statutes and policies are met.

2.2 If the Construction Services were originally solicited as RFQuotes, and quotes come in over \$75,000.00, the project must be re-solicited and advertised.

3. Construction Services with an estimated value of \$25,000.00 and under.

3.1 If the estimated total Agreement amount for the Construction Services is expected to be \$25,000.00 or less, the Contract/Project Manager must solicit a minimum of one (1) quote. In order to assure the best value for the Authority, multiple quotes are encouraged. An Agreement executed under this section may

not be amended to increase the value over \$25,000.00 without a legitimate business justification.

C. Amendments and Change Orders to Agreements for Construction Services.

Amendments and Change Orders related to Agreements for Construction Services must follow the procedures outlined in the Delegation of Authority Chapter in the Procurement Manual.

D. Review, Approval, and Execution of Agreements and Amendments.

See Delegation of Authority Chapter in the Procurement Manual.

ADMINISTRATIVE PROCEDURES	
Finance & Administration	Chapter 7: Exemptions from Competitive Procurement
Procurement Department	Effective Date: April 25, 2022
Authorization: {Jace Houston approval emailed 4/25/2022}	

I. PURPOSE

The purpose of this chapter is to identify the circumstances that prevent competitive procurement and establish the procedures for procurement under emergency situations, sole and single source procurement, security and surveillance systems, land or right-of-way and other items or services that preclude competitive solicitation.

II. STATUTORY REFERENCES

All references herein to federal or state laws or regulations shall mean and refer to such laws or regulations as amended from time to time.

- A. Water Code Sec. 49.273. Contract Award. (l) The board is not required to advertise or seek competitive bids for security or surveillance systems or components.
- B. Sec. 49.274. Emergency Approval of District Projects.
- C. Sec. 49.278. Nonapplicability.

III. POLICY

The SJRA Board approved Procurement Resolution 2021-R-03 on January 28, 2021. The following policy provisions are found therein in Section III. Policy, F. Exemptions from Competitive Procurement.

A. Exemptions from Competitive Procurement.

1. Emergency Procurements.

- 1.1 Purchases made because of public calamity, or purchases made to preserve or protect the public health or safety of Authority facilities or residents, or purchases made due to unforeseen damage to public property, is exempt from competitive solicitation.
- 1.2 For all purchases of goods or services, the requirement to obtain prior approval of the Board of Directors is waived in the event that the Authority experiences an Emergency that in the judgment of the GM may create a serious health

hazard or unreasonable economic loss to the Authority. In the event that a purchase is authorized in response to an Emergency, as outlined in this section, the General Manager shall, within three working days of the authorization, provide a description of the conditions requiring such action and the terms of the purchase to an officer of the Board of Directors. A report shall also be provided to the Board of Directors at its next ensuing meeting.

2. **Sole Source Procurement(s).** Purchases of goods or services, for which there is only one source due to patents, copyrights, natural monopolies; gas, water, or other utility services; captive replacement parts or components for equipment; or any purchase for which it is otherwise impracticable to obtain competition is exempt from competitive solicitation. The GM shall develop and implement a procedure for review and approval of any justification for sole source procurement of materials, supplies, equipment, or services.
3. **Interlocal Agreements and Cooperative Purchasing Programs.** Purchases of goods or services under an approved Interlocal Agreement and/or cooperative purchasing program satisfies the requirement to seek competitive bids/proposals for the Authority.
4. **Security and Surveillance Systems.** Purchases of security or surveillance system or components of or additions to Authority facilities relating to security or surveillance, including systems used for the prevention of terrorist acts or incidents or acts of war, is exempt from competitive solicitation, if the GM finds that doing so would compromise the safety and security of Authority facilities or residents.
5. **Land or Right-of-Way.** The purchase or sale of land or right-of-way is not subject to competitive procurement.
6. **Public Auction.** Materials, Supplies, or Equipment purchased at an auction that is open to the public are not subject to competitive procurement.

IV. PROCEDURE

A. General Information.

1. **Competitive Procurement.** Whenever possible, SJRA shall attempt to seek competition and obtain needed goods and services at the best value for the Authority. However, it is understood that there are extenuating circumstances and uncommon situations that preclude obtaining competitive bids or proposals. Purchases exempt

from competitive procurement must meet other applicable statutory and policy requirements including, but not limited to insurance, bonding, prevailing wage rates, etc.

2. **Consultation with SJRA Attorney.** Agreements with sole source providers or emergency contractors limits the ability to negotiate favorable terms and conditions for SJRA. Any modified SJRA standard agreements, non-standard agreements, or Vendor terms and conditions may require consultation with general counsel or SJRA Director of Legal Services.

B. Authorized Exemptions.

1. Emergency Procurement.

SJRA may negotiate limited duration contracts to make necessary repairs in the case of emergencies, as determined by the GM.

- 1.1 **Emergency procurement \$25,000 and less.** For emergency situations expected to be less than \$25,000, the Div/Dept must immediately notify Risk Management and the appropriate Procurement staff. At the first available opportunity, the Department/Division will enter a Requisition that will route for approvals in accordance with the Delegation of Authority Chapter and Procurement staff will issue a Purchase Order.

- 1.2 **Emergency procurement over \$25,000.** For emergency circumstances expected to exceed \$25,000, the Department/Division must immediately notify the Risk Manager, Procurement Manager, the appropriate Senior Manager, and the GM. The following steps must also be completed:

- If time and circumstances allow, the Department/Division should attempt to get quotations for the goods or services, if there is no existing contract in place.
- The Department/Division must complete an Emergency Declaration Form with as much information as possible.
- If there is no existing contract in place for construction related emergencies, Procurement will work with the Department/Division to concurrently obtain all required contractual documents, ie: insurance, bonding, and wage rates.
- At the first available opportunity, the Department/Division will enter a Requisition that will route for approvals in accordance with the Delegation of Authority Chapter and Procurement staff will issue a Purchase Order.

- 1.3 **Emergency procurement over \$75,000.** In addition to the steps in 1.2 above, the following must also occur:

- The GM must notify an officer of the Board of Directors within three (3) working days.

- A report must be provided to the full Board at the next regularly scheduled Board meeting.

2. Sole Source and Single Source Procurement.

2.1 Sole Source Procurement. A procurement where only one Vendor can deliver the required product or service. Goods or Services may be proprietary in nature. Examples of sole source procurement may include:

- Items that are patented or copyrighted, secret process or natural monopolies.
- A component or replacement part for which there is no commercially available substitute, and which can be obtained only from the manufacturer and/or a manufacturer's distributor
- Purchases of gas, water, or other utility services
- Films, manuscripts, or books
- Expenditures related to compliance with State or Federal requirements

2.2 Single Source Procurement. A procurement where two or more Vendors can supply the commodity, technology and/or perform the services, or the manufacturer may have only one distributor within a geographical area. But a single Vendor is selected over the others because of specialized knowledge, expertise, standardization, unique situation, or skills that make it is otherwise impracticable to obtain competition. Examples of Single Source procurement may include:

- Original OEM parts and service
- Items purchased from geographically restricted sources
- Maintenance agreements for software/hardware or other equipment (Evergreen contracts)
- Training classes or individual trainers
- Services that are an extension or expansion of a previous effort (see Procurement of Professional Services Chapter)

3. Security and Surveillance Systems. Purchases of security or surveillance system or components of or additions to Authority facilities relating to security or surveillance, including systems used for the prevention of terrorist acts or incidents or acts of war, is exempt from competitive solicitation, if the GM finds that doing so would compromise the safety and security of Authority facilities or residents.

C. Review and approval of exemptions from competitive procurement.

1. Annual approval. The Procurement Department shall prepare a list of exemptions that are anticipated for the upcoming fiscal year. This list is based off purchasing history and/or sole source/business justification memos approved in the preceding

fiscal year. This list shall be approved by the GM within sixty (60) calendar days following the start of the new fiscal year.

2. Exemption requests. Each new request for an exemption from competitive procurement must be accompanied by a justification memo/form and may require supporting documentation from the manufacturer or other third-party verification. New exemption requests with an annual estimated expenditure greater than \$25,000 must be approved by the GM.

3. Exemption review. The justification for each exempt procurement for each Vendor must be reviewed and updated a minimum of every three (3) years or during the annual approval following the three (3) year anniversary, whichever is later.

D. Interlocal Agreements and Cooperative Purchasing Programs. Purchases of goods or services under an approved Interlocal Agreement and/or cooperative purchasing program satisfies the requirement to seek competitive bids/proposals for the Authority. The purchase requisition must reference the purchasing cooperative contract and cooperative contract number.

E. Land or Right-of-Way. The purchase or sale of land or right-of-way is governed by other laws and is not covered by this chapter.

F. Public Auction. Materials, Supplies, or Equipment purchased at an auction that is open to the public are not subject to competitive procurement. The Department/Division must consult with the Procurement Manager prior to making a purchase over \$25,000 through a public auction.

V. EXHIBITS

1. Emergency Declaration Form

2. Single/Sole Source Justification Form

Declaration of an Emergency

Date: April 29, 2022

Contract/PO #: _____

Vendor: _____

Commodity/Service: _____

Estimated expenditure for the above commodity or service: \$ _____

Section 49.274 of the Texas Water Code and the Procurement Policy Resolution passed by the SJRA Board on January 28, 2021, allows for exceptions from competitive procurements in situations where the scope or extent of the repair work cannot be readily ascertained, the nature of the repair work does not readily lend itself to competitive bidding, or in an emergency. Initial all entries below that apply to the proposed purchase. (More than one entry may apply.)

1. _____ the scope or extent of the repair work cannot be readily ascertained;
2. _____ the nature of the repair work does not readily lend itself to competitive bidding;
3. _____ emergency situations, including procurements necessary to protect the public health or safety (remedy a serious health hazard); and/or
4. _____ unforeseen damage to public equipment, machinery, or other property which presents an unreasonable risk of economic loss;

Brief Description/Justification for exception:

Submitted by:

Reviewed by:

Approved by:

Division Mgr. / Date

Purchasing Mgr. / Date

General Mgr. / Date

This form must be maintained with the procurement file or purchase order record.

This form shall be submitted as an Agenda action item at the next ensuing meeting of the SJRA Board.



MEMORANDUM

PURPOSE:

FROM:

SUBJECT:

DATE:

CC:

BUDGETED:

APPROVED: {DEPT/DIV MANAGER} _____

APPROVED: {PROCUREMENT MANAGER} _____

APPROVED: JACE HOUSTON, GM {REQUIRED IF OVER \$25K} _____

Vendor: _____ Amount: _____

This is a request for _____ (list product/service):

The purchase must meet one of the following criteria: (PLEASE CHECK ALL THAT APPLY, USE SECOND PAGE IF NEEDED)

One known source can provide the commodity or service

Unique source (commodity or service is unique or special in nature)

Compatibility (compatibility with existing equipment/systems required)

Sales territories or product availability is limited within geographical boundaries

Limited or proprietary systems (additional licenses, updates, specialized replacement parts, etc)

Personal or professional services with specialized knowledge, expertise, skill, or education

Security/Surveillance (components/systems to prevent terrorists, criminal acts/incidents or acts of war)

Other

FLOOD MANAGEMENT DIVISION
P.O. Box 329
Conroe, Texas 77305
(T) 936.588.3111
(F) 936.588.1114

GRP DIVISION
P.O. Box 329
Conroe, Texas 77305
(T) 936.588.1662
(F) 936.588.7182

HIGHLANDS DIVISION
P.O. Box 861
Highlands, Texas 77562
(T) 281.843.3300
(F) 281.426.2877

LAKE CONROE DIVISION
P.O. Box 329
Conroe, Texas 77305
(T) 936.588.1111
(F) 936.588.1114

WOODLANDS DIVISION
2436 Sawdust Road
The Woodlands, Texas 77380
(T) 281.367.9511
(F) 281.362.4385

ADMINISTRATIVE PROCEDURES	
Finance & Administration	Chapter 8: Delegation of Authority
Procurement Department	Effective Date: September 1, 2021
Authorization: {Jace Houston email approval 9/17/2021}	

I. PURPOSE

The purpose of this chapter is:

- A.** To define who may approve purchases (procurement card transactions, requisitions, and purchase orders);
- B.** To define who may approve and execute contracts for the expenditure of funds on behalf of the Authority;
- C.** To define who may approve and execute change orders and amendments on behalf of the Authority;
- D.** To ensure that purchase orders and contracts are executed as intended and in accordance with applicable laws, regulations, and the Authority's policy;
- E.** To define who may determine the alternative procurement method for construction services that provides the best value to the Authority; and
- F.** To safeguard the Authority resources and to minimize the Authority's financial, legal, operational, and compliance-related risks by establishing authority and responsibilities with regard to reviewing and executing contracts.

II. STATUTORY REFERENCES

All references herein to federal or state laws or regulations shall mean and refer to such laws or regulations as amended from time to time.

- A. The Authority's Enabling Legislation.** The Authority's Enabling Legislation allows the Authority to Contract and be contracted with and to make all necessary rules and regulations for the governing and control of the Authority not inconsistent with the constitution and laws of the State of Texas.

B. Texas Water Code.

1. **WC Section 49.067 Contracts.** Contracts for technical, scientific, legal, fiscal, or other professional services must be approved by the Board unless specifically delegated by Board action.
2. **WC Section 49.273 (i) Change Orders.** The Board may delegate authority for COs of \$50,000 or less.

- C. Government Code 2269.053.** The governing board of a governmental entity may delegate its authority to determine the alternative procurement method for construction that provides the best value to the Authority.

III. POLICY

The Authority's Board approved Procurement Policy Resolution 2021-R-03 on January 28, 2021. The following policy provisions are found therein in Section III. Policy, G. Delegation of Authority.

- A. Execute Documents.** The Board authorizes the GM to approve and execute Contracts, Contract renewals, Contract time extensions, WOs, Amendments, COs, POs, and other documents for expenditures which the Board is not required to approve.
- B. Alternative Procurement Method.** If a method of procurement other than competitive sealed bids or competitive sealed proposals is allowed by law, the Board authorizes the GM to determine which procurement method provides the best value for the Authority. The GM's determination shall be made prior to advertising.
- C. Procurement Manual.** The Board authorizes the GM to develop procedures concerning the form and substance of administrative actions necessary for the procurement of materials, supplies, equipment, general services, professional services, construction services, exempt procurement(s), and any other procurements necessary to conduct the day-to-day operations of the Authority, which must be designed to achieve the best value for the Authority and that are consistent with the current Procurement Policy Resolution and all the applicable requirements of general and special laws of the State of Texas, including the Authority's enabling legislation.

IV. PROCEDURE

The following procedures have been implemented by the GM pursuant to his delegated authority in Procurement Policy Resolution 2021-R-03. It is the intent of these procedures to guide the daily affairs of the Authority which involve numerous decisions of a routine nature.

A. Procurement Card, Requisitions and PO Approvals.

1. **Procurement Cards.** The GM shall approve transaction limits for all employee issued procurement cards and delegates to the Division/Department Manager authorization to approve procurement card transactions in accordance with the approval limits and the procurement card policy and procedures chapter of the Procurement Manual.
2. **Purchase Requisitions.** All non-emergency requisitions must be made and approved in advance of the expenditure. The GM delegates as follows the approval process for all purchase requisitions. The levels outlined below are hierarchal in nature and include multiple approval levels the higher the expenditure request.

	Purchase Approval Thresholds
	Maximum
Div/Dept Mgr or designee (Supervisor)	\$ 5,000.00
Div/Dept Mgr or designee (Manager)	\$10,000.00
Div/Dept Manager	\$25,000.00
Senior Manager(s)	\$75,000.00
GM	Unlimited ⁽¹⁾⁽²⁾

TABLE 1

⁽¹⁾The Board must approve the expenditure of funds greater than \$75,000 for Professional Services or individual WOs for Professional Services, and Construction Services.

⁽²⁾The Board must approve the expenditures of funds greater than \$75,000 for materials, supplies, equipment, high technology, and general services if the proposed expenditure is *not* itemized, categorized, or otherwise described or contemplated in the currently approved operating budget.

3. Purchase Orders. The GM delegates to the procurement department staff the authority to sign all POs issued pursuant to policies and procedures establishing the financial obligation of the Authority.

B. Contracts, Engagement Letters, WOs, COs, and Amendments.

1. Contracts, Engagement Letters, and WOs.

- a. Standard Form of Agreements.** The Authority has established agreements with standard terms and conditions that have been reviewed and approved by its general counsel or Director of Legal Services. These standard agreements should be used whenever possible and feasible.
- b. Modified Standard Contract or Non-Standard Contracts.** Any modified standard form of agreement, third-party contract (non-standard agreement), or any agreement bearing any special terms and conditions must be pre-approved by the Authority's general counsel or Director of Legal Services and the appropriate Senior Manager. Terms and conditions on vendor quotes may be approved by the Authority's general counsel or the Director of Legal Services.
- c. Contract Review and Approval.** Division/Department Managers and their respective Senior Manager must review their proposed Contracts and WOs prior to execution by the GM.
- d. Contract Execution.** The GM is the only authorized individual to execute Contracts, Engagement Letters, and WOs. However, if the GM is unavailable or unable to execute Contracts, Engagement Letters, and WOs, then any member of Senior Management may approve and execute such documents. However,

 - The Board must approve Contracts with a value greater than \$75,000 for Professional Services and Construction Services.
 - The Board must approve Contracts with a value greater than \$75,000 for materials, supplies, equipment, high technology, and general services if the proposed expenditure is *not* itemized, categorized, or otherwise described or contemplated in the currently approved operating budget.

2. COs and Amendments.

- a. **Amendments.** All COs and Amendments to WOs must be approved by the Board if the original agreement was approved by the Board.
- b. **CO/Amendment Review and Approval.** Division/Department Managers and their respective Senior Manager must review their proposed COs and Amendments to WOs prior to execution by the GM.
- c. **CO/Amendment Execution.** The GM is the only authorized individual to approve and execute COs and Amendments. However, if the GM is unavailable or unable to approve and execute COs and Amendments, then any member of Senior Management may approve and execute such documents. However,
 - The Board must approve individual COs and Amendments with a value greater than \$50,000 for Professional Services and Construction Services.
 - The Board must approve any Amendment that results in a revised aggregate WO amount that exceeds \$75,000 if the original WO was less than \$75,000 and, therefore, not approved by the Board.
 - The Board must approve COs and Amendments to WOs when the aggregate sum of all changes to the original Agreement is greater than 25% or \$500,000, whichever is less.
 - The Board is not required to approve the final CO for Construction Services where the final quantities are adjusted to equal the actual quantities.
 - The Board must approve COs and Amendments to Contracts for materials, supplies, equipment, high technology, and general services if the proposed *additional* expenditure will result in a revised aggregate Contract amount greater than \$75,000 and if the expenditure is *not* itemized, categorized, or otherwise described or contemplated in the currently approved operating budget.

C. Alternative Procurement Methods for Construction.

- 1. Competitive Sealed Bid and Competitive Sealed Proposal Methods.** The GM has designated CSBs and the CSPs as the preferred methods providing the best value to the Authority.
- 2. Other Alternative Procurement Methods for Construction.** If the Authority is proposing to use an alternative procurement method other than CSB or CSP, the GM determines which method provides the best value for the Authority.

D. Procurement Manual.

The GM shall approve all procurement procedures consistent with Board policy and all applicable laws. The Procurement Manual may be approved in sections or chapters which, in the aggregate, will become the Procurement policies and procedures for the Authority.