



Purchasing Policy

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1 PURPOSE

The purpose of this Purchasing Policy (Policy) is to provide Gulf Coast Water Authority (GCWA) staff with a Board of Directors (Board)-approved policy for the procurement activities which include, but are not limited to, the purchase of products, supplies, equipment, construction services and consulting/professional services. GCWA is committed to ensuring that all purchases are in compliance with applicable requirements of the general and special laws of the State of Texas while maintaining effective internal controls.

The Board, by adoption of this Policy, hereby empowers the General Manager or designee to carry out this Policy and make necessary interpretations as the need arises.

2 DEFINITIONS

Advertise: A public announcement of the intention to purchase products/services.

Competitive Sealed Proposals/Bid: The process of advertising an RFP/RFB, by receiving unopened Proposals at a public bid-opening and then subsequently evaluating the Proposals and awarding the Contract.

Competitive Bidding: A procurement process used to determine the vendor that staff will recommend to the Board for the contract award when the requirements are clearly defined, negotiations are not necessary, and price is the primary determining factor for selection.

Contract: An agreement (including a Purchase Order) where a Contractor provides products/services to GCWA and GCWA pays for such goods/services in accordance with the established price, terms and conditions, as well as an agreement under which a Contractor is given an opportunity to conduct a business enterprise on GCWA's premises in exchange for compensation to GCWA.

Contractor (or Vendor): A business entity or individual that is awarded a Contract to provide goods/services.

Cooperative Purchase (or Co-op): A procurement utilizing an approved vendor network that has agreed to lower prices for the benefit of multiple agencies.

Executive Management: A manager authorized by the General Manager that has the authority to bind GCWA through administrative action.

Historically Underutilized Business (HUB): An entity that meets the definition of "historically underutilized business" set forth in § 2161.001(2), Texas Government Code.

Professional Services: Services that meet the definition of “professional services” set forth in § 2254.002(2), Texas Government Code.

Proposal: An executed offer submitted by a respondent in response to an RFP and intended to be used as a basis to negotiate a Contract award.

Purchase Order: A commercial document and offer to purchase goods and services issued and approved by GCWA in accordance with signature authority limits.

Purchasing Cooperatives: A group of people or organizations with similar needs that band together to collectively procure goods and/or services for their group.

Quote: A written document providing the price for products or service(s).

RFB: A Request for Bid, which is a formal written document that requests sealed submittals from bidders for a firm price or Proposal for a specific job, products or services.

RFP: A Request for Proposal, which is a Solicitation requesting submittal of a Proposal in response to the required Specifications and scope of work, for which mandatory evaluation criteria must be used to evaluate the Proposals.

RFQ: A Request for Qualifications, which is a Solicitation requesting submittal of qualifications or specialized expertise in response to the scope of services required, for which no pricing is solicited.

Sole Source: A procurement in which only one supplier can provide the product, technology and/or the services required.

Solicitation: A document requesting submittal of bids, Proposals, Quotes or qualifications for goods/services in accordance with the advertised Specifications.

Specification: Any description of the physical or functional characteristics or of the nature of goods/services to be purchased. It may include a description of any requirements for inspecting, testing, or preparing goods/services for delivery.

3 LOCAL AND STATE LAW

All purchasing shall be made in accordance with the requirements of Chapter 49 of the Texas Water Code and the applicable chapters of the Texas Government Code.

4 PROCUREMENT REQUIREMENTS

4.1 General

Any staff member authorized to make purchases on behalf of GCWA shall determine the most economic and appropriate method of purchasing services or products for GCWA. The primary purpose is to procure products and services in a timely manner under the best and most economical terms and conditions that are desirable, fair, and advantageous to GCWA and consistent with applicable federal, state and local laws, as well as this Policy.

GCWA is a tax-exempt entity. The department securing the goods or services is responsible to ensure that no taxes are included in the charges or on the invoice. A tax-exempt form can be provided to any Vendor upon request.

Factors in determining how to acquire products or services are:

- Meeting the needs of the department(s), while ensuring that the method selected achieves best value
- Conforming to standards of ethical conduct
- Complying with all applicable laws, rules, and regulations

4.2 Signature Authority Limits

GCWA practices decentralized purchasing, which allows the purchase of all products and services to remain the responsibility of each individual department within GCWA with the oversight of GCWA's Finance Department.

Signature authority limits are established to ensure responsible fiscal management and internal controls. The following provides delegation of signature authority in accordance with this Policy from the General Manager to staff based on the following approval limits.

In no event may purchases be separated to establish a lower threshold to circumvent any part of this Policy or associated procedures. Work may not be subdivided to avoid either the written Specification or the advertising requirements based on the price (Texas Water Code § 49.273(g)). Splitting Contracts to avoid bidding requirements is a violation of state law (Texas Local Government Code § 271.029(a)).

Employees initiating any purchase shall ensure there are available funds within the budget of their area of responsibility and comply with signature authority limits and all federal, state and local laws. Department managers are responsible for ensuring compliance with signature authority limits.

Budget expenditures are approved by the Board. Operations and maintenance budgets are controlled within the general category for each item. Capital expenditures are approved by the Board by individual project. New capital projects must be approved by the Board regardless of expenditure amount.

Signature authority limits for budgeted expenditures are as follows:

General Operations (All Funds):

- Up to \$1,000 – Department Head or Designee
- Up to \$24,999 – Department Head
- \$25,000 - \$149,999 – Department Head & Assistant General Manager
- \$150,000 + - General Manager (or designee) and Board Approval

Capital Improvement Projects and CIP Line-Item Purchases (All Funds):

- Up to \$24,999 – Project Manager
- \$25,000 - \$149,999 – District Engineer/Assistant General Manager
- \$150,000 + – General Manager (or designee) and Board Approval

Board/General Manager Expenses (Fund 99):

- Up to \$25,000 – Department Head/District Secretary
- \$25,001 - \$149,999 – General Manager (or designee)
- \$150,000 + - General Manager (or designee) and Board Approval

General Administrative (Fund 99):

- Up to \$1,000 – Manager
- \$1,001 - \$4,999 – Assistant General Manager
- \$5,000 - \$149,999 – Department Head/District Secretary and Assistant General Manager
- \$150,000 + - General Manager (or designee) and Board Approval

The General Manager, with counter-approval of the Assistant General Manager, may authorize emergency repairs that may exceed the \$150,000 threshold. Ratification by the Board will be required for these authorized purchases.

The General Manager may approve a change order to a Contract that involves an increase or decrease of \$150,000 or less (Texas Water Code § 49.273(i)).

4.3 Purchase Orders

All expenditures greater than \$5,000 must be authorized by a Purchase Order unless expressly exempted by type as defined within this Policy.

When accepted by a Vendor without qualifications, the Purchase Order becomes a formal, binding, legal agreement. A Purchase Order grants the Vendor the authority to deliver the goods or services to GCWA and to invoice GCWA for the same. GCWA is committed to accept the goods or services and to pay for them at the agreed upon price provided that those products or services are of the quality and scope promised.

4.4 Expenditure Types Exempt from the Purchase Order Requirements

The following list identifies the types of expenditures that do not require Purchase Order authorization. Expenditures types not listed below require approval by the Assistant General Manager who oversees Finance and shall not exceed \$10,000.

Debt Service Payments	Insurance premiums
Purchasing card purchases	Membership dues
Petty Cash Purchases	Periodical subscriptions
Utilities	Legal Fees
Annual Audits	Training
Payroll liabilities	Packing delivery services
Travel/local expense reimbursement	TCEQ permits
Postage and delivery expenses	Legal Notices
Telephone Bills	Pre-employment background checks

4.5 Required Documentation

Efforts to control costs and add value should be demonstrated whenever possible; competitive pricing through Purchasing Cooperatives or other discount retailers or distributors should be requested when applicable.

- Under \$5000
 - Department Manager or designee may request purchase without Solicitation of Quotes or documentation; however, multiple Quotes are encouraged as a best practice.
- \$5000 - \$24,999
 - 3 Quotes are required.
 - HUB vendor(s) should be considered whenever possible.
 - If 3 quotes are unattainable, proof of due diligence is required.
 - If utilizing a Sole Source – 1 Quote and current Sole Source letter.
 - If utilizing a Co-op – 1 Quote and Co-op Contract.
 - Purchase Order required with appropriate approval as noted in Section 4.2 Signature Authority Limits.

- \$25,000 - \$149,999
 - Shall solicit written competitive Quotes on uniform written Specifications from at least three vendors/contractors.
 - Purchasing Cooperatives with interlocal agreements may be utilized to satisfy the bid process.
 - Purchase Order required with appropriate approval as noted in Section 4.2 Signature Authority Limits.
- Exceeding \$150,000
 - Competitive Sealed Bid with Board approval.
 - Shall Advertise the letting of the Contract, including the general conditions, time, and place of opening of sealed bids.
 - The notice must be published in one or more newspapers circulated in each county in which GCWA is located.
 - The notice must be published once a week for two consecutive weeks before the date that the bids are opened.
 - Purchase Order required with appropriate approval as noted in section 4.2 Signature Authority Limits.

5 CONTRACT AWARD

Texas Water Code § 49.273(c) expressly provides that a Contract may be let and awarded in any manner, in the Board's judgment, that will be most advantageous to GCWA and results in the best and most economical completion of GCWA's proposed plants, improvements, facilities, works, equipment, and appliances.

GCWA shall contract for construction and repair and renovation of facilities and for the purchase of equipment, products, machinery, and all things that constitute or will constitute GCWA's facilities or improvements.

A Contract may cover all the work to be provided for GCWA or the various elements of the work may be segregated for the purpose of receiving Quotes/bids and awarding Contracts. A Contract may provide that the work will be completed in stages over a period of years.

The terms of the Contract are to be GCWA's Standard Terms and Conditions. Any deviation from the Standard Terms and Conditions requires approval of the Assistant General Manager who oversees Finance and GCWA's legal counsel.

The utilization of Purchasing Cooperatives and discount retailers/distributors is encouraged when applicable.

Contracts of not more than \$5,000 – do not require Solicitation of Quotes as defined in Section 6 Types of Competitive Purchasing Methods.

Contracts over \$5,000 but not more than \$25,000 – GCWA is not required to Advertise or seek Competitive Sealed Bids. Solicitation of a minimum of three (3) Quotes or Proposals is required.

Contracts over \$25,000 but not more than \$149,999 – GCWA shall solicit written competitive Quotes on uniform written Specifications from at least three bidders (Texas Water Code § 49.273(e)). Purchasing Cooperatives with interlocal agreements may be utilized to satisfy the Proposal process. The following information will be required when using a “No Response” as one of the three Quotes: company name, contact person and contact information of the non-responding company.

Operating Purchases exceeding \$150,000 – For Contracts over \$150,000, GCWA shall Advertise the letting of the Contract, including the general conditions, time, and place of opening of sealed bids. The notice must be published in one or more newspapers circulated in each county in which GCWA is located. If there are more than four counties, notice may be published in any newspaper with general circulation in the required county. The notice must be published once a week for two consecutive weeks before the date that the bids are opened, and the first publication must be not later than the 14th day before the date of the opening of the sealed bids. (Texas Water Code § 49.273(d)).

Change Orders – If changes in plans, specifications, or scope of work are necessary or beneficial to GCWA, as determined by the Board, after the performance of the Contract is begun, or if it is necessary or beneficial to GCWA, as determined by the Board, to decrease or increase the quantity of the work to be performed or of the materials, equipment, or supplies to be furnished, the Board may approve change orders making the changes. The General Manager may approve a change order that involves an increase or decrease of \$150,000 or less. The aggregate of the change orders that increase the original Contract price by more than 25 percent may be issued only as a result of unanticipated conditions encountered during construction, repair, or renovation or changes in regulatory criteria or to facilitate project coordination with other political entities. A change order is not subject to the requirements of subsection (d) or (e) of Texas Water Code § 49.273. (Texas Water Code § 49.273(i)).

5.1 Cumulative Spend

GCWA may make cumulative purchases that exceed \$25,000 from one Vendor within any twelve-month period; however, if each of the purchases is for a discrete project and not made to avoid competitive purchasing requirements, then no "annual" Quote or bid is required. Office supplies, auto parts and routine repairs (HVAC, plumbing, electrical) are examples where GCWA may make cumulative small purchases for different projects in a year that exceed competitive purchase requirement limits, but Quotes or bidding would not be required if:

1. The individual items are purchased for different projects based on convenience of location and availability, and
2. Each individual purchase is below the competitive purchase requirement threshold.

Exceeding the competitive purchase requirement thresholds with a Vendor during a year does not mandate taking annual Quotes or bids; however, volume purchases from a single Vendor may present management with opportunities to get competitive pricing or bulk purchases to improve cost efficiencies.

5.2 Required Action by Board on Certain Contracts

Contracts exceeding \$150,000 or Contracts for non-budgeted items and services for technical, scientific, legal, fiscal, or other Professional Services must be approved by the Board, unless specifically delegated by Board action. The terms and conditions of such a Contract, including the terms for payment, must be identified at the time of Board approval. (Texas Water Code § 49.067)

5.3 Contracts with other Governmental Entities

GCWA may purchase property from any governmental entity by negotiated Contract without the necessity of securing appraisals or advertising for bids. (Texas Water Code § 49.068)

6 TYPES OF COMPETITIVE PURCHASING METHODS

6.1 Request for Qualification (RFQ)

For services subject to the RFQ process, GCWA will first select the most highly qualified provider of those services based on demonstrated competence and qualifications. After a firm has been selected based on qualifications and experience, then GCWA shall negotiate a fair and reasonable fee for the proposed services. If a satisfactory Contract cannot be negotiated with the most highly qualified provider, then GCWA shall formally end negotiations with that firm and select the next most highly qualified firm and begin negotiations with that provider for a fair and reasonable price.

6.2 Request for Bid (RFB)/Quote

Except where expressly exempted by law, an RFB is required when the anticipated level of expenditure for a Contract or purchase for construction project, goods, or services will be greater than \$25,000.

RFBs are not required to be sealed and are also referred to as a Quote for administrative purposes.

The requirements for an RFB for a construction Contract include:

- Plans and Specifications for the proposed construction approved by a licensed architect or engineer;
- At least a 5% bid bond for construction/public work Contracts over \$50,000;
- A 10% retainage for construction/public work Contracts over \$50,000;
- A payment bond for construction/public work Contracts over \$25,000; and
- A performance bond for construction/public work Contracts over \$100,000.

Texas Government Code Chapter 2253; and Texas Government Code § 2269.1012269.106; Texas Water Code § 49.271, 49.275 and 49.276.

6.3 Competitive Sealed Bid

Competitive Sealed Bids are required when purchasing products or services that are greater than \$150,000.

GCWA will use the best value method to award Contracts under the Competitive Sealed Bid method.

GCWA will indicate in the bid Specifications that the Contract may be awarded either to the lowest responsible bidder or to the bidder who provides goods and services as the best value.

6.4 Request for Proposals (RFP)

The RFP method of procurement may be used for products or services, including high technology, insurance, and Professional Services.

When the RFP method is used for the selection of Professional Services, GCWA shall comply with Texas Government Code Chapter 2254, the Professional Services Procurement Act.

When the RFP method is used for the selection of any services or products other than Professional Services, the Notice for Proposals shall include the criteria that will be used to evaluate the offers and the applicable weighed value for each criterion. GCWA may not select a provider of Professional Services or award a Contract for Professional Services based on competitive bids but shall make the selection and award on the basis of demonstrated competence and qualifications to perform the services for a fair and reasonable price.

6.5 Competitive Sealed Proposals

Competitive Sealed Proposals are similar to Competitive Sealed Bids but are limited by Texas statutes. Although there is no legal requirement to do so, Proposals are often used to procure

Professional Services. Texas Government Code Chapter 2254, the Professional Services Procurement Act, prohibits using competitive bids to procure Professional Services, including those provided by accountants, architects, land surveyors, real estate appraisers, and professional engineers. Criteria for Specifications are prepared using performance standards rather than the description of the product or service.

Vendors submit Proposals of their own design for a system to satisfy the requirement set forth in the Proposal. Proposals may incorporate entirely different hardware or services to accomplish the same performance.

6.6 Historically Underutilized Businesses

GCWA shall make a good faith effort to utilize HUBs in Contracts for purchase of products and construction services (including professional and consulting services).

6.7 Sole Source Purchases

Competitive bids are not required for Contracts for services or property for which there is only one source or for which it is otherwise impracticable to obtain completion (Texas Water Code §49.278(a)(4)).

A Sole Source purchase must be accompanied by a letter from the manufacturer of the product stating that the product is one of the following:

- Only available from the manufacturer because of a patent or, a secret/proprietary process;
- Only available from a single distributor authorized by the manufacturer;
- Natural gas and water/sanitary services;
- Unique replacement parts or components for fleet, equipment; pumps, motors, valves, high technology, etc.

Examples of a Sole Source:

- Equipment for which there is no comparable competitive product.
- 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.
- An item where compatibility is the overriding consideration, such as computer operating software enhancements for an existing system.
- A supply, equipment, part, service or supplier that, due to technically constraining factors associated with scientific research, are needed to ensure the fairness and validity of the underlying research.
- Repair/replacement parts for non-competitive equipment.

- Continuation of an existing Contract when new work is so closely related to that of the uncompleted existing Contract that it would not be feasible to consider another potential Contractor.

A Sole Source determination must be approved by the Assistant General Manager who oversees Finance prior to purchase. Direct replacement of critical infrastructure (pumps, motors, etc.) with “like kind” asset requires dual approval by the Assistant General Managers who oversee Finance and Operations.

6.8 Cooperative Purchasing (Co-op)

When available, GCWA shall utilize Purchasing Cooperatives to ensure cost savings when purchasing products or services. A Purchasing Cooperative interlocal agreement must be approved by the Board as provided by state statute prior to purchases being pursued. The Finance Department will maintain a list of governmental entities with whom GCWA has Purchasing Cooperative interlocal agreements.

6.9 Exemptions from Competitive Bidding/Purchasing Requirements

Below is a list of Contracts and procurements that are exempt from Competitive Bidding under state law. The General Manager is authorized to exercise the options below; however, any use of funds over \$150,000 must be approved by the Board.

1. Equipment, products, or machinery purchased by GCWA at an auction that is open to the public (Texas Water Code § 49.278(a)(1)).
2. Contracts for personal or Professional Services or for a utility service operator (Texas Water Code § 49.278(a)(2)).
3. High technology procurements as provided by Texas Water Code § 49.278(a)(5).
4. Contracts for the purchase of electricity for GCWA's use (Texas Water Code § 49.278(a)(6)).
5. Contracts for services related to compliance with a state or federal construction storm water requirement, including acquisition of permits, construction, repair, and removal of temporary erosion control devices, cleaning of silt and debris from streets and storm sewers, monitoring of construction sites, and preparation and filing of all required reports (Texas Water Code § 49.278(a)(7)).
6. Acquisition or lease of land, easements or rights-of-way (Texas Water Code § 49.218).

7. State of Texas catalog purchases.
8. Purchasing Cooperative interlocal agreements (e.g., TIPS, H-GAC Buy, Buyboard, Sourcewell), as provided by the Texas Government Code, Chapter 791, of the Texas Interlocal Cooperation Act.
9. Repair of GCWA facilities for which the scope or extent of the repair work cannot be readily ascertained or the nature of the repair work does not readily lend itself to Competitive Bidding (Texas Water Code § 49.273 (j)).
10. The Board may use the reverse auction procedure, as defined by; Texas Government Code § 2155.062(d).
11. GCWA is not required to Advertise or seek competitive bids for security or surveillance systems or components of or additions to GCWA facilities relating to security or surveillance, including systems used for the prevention of terrorist or criminal acts and incidents or acts of war, if the Board finds that doing so would compromise the safety and security of GCWA facilities or residents.
12. Contracts for services or personal property for which there is only one source or for which it is otherwise impracticable to obtain competition (Texas Water Code §49.278(a)(4)). Goods and services that may be available from only one source and are exempt from Competitive Bidding include:
 - Items available from a single source because of patents, or copyrights.
 - Natural gas and water/sanitary services.
 - Unique replacement parts or components for fleet equipment; pumps, motors, valves, high technology, etc.
13. Governmental Purchases. GCWA may purchase real or personal property from any governmental entity by contract without the necessity of securing appraisals or advertising for bids. (Texas Water Code § 49.068).
14. Emergency Purchases. If GCWA experiences an emergency condition that may create a serious health hazard, service interruption or unreasonable economic loss to GCWA that requires immediate corrective action, then GCWA may negotiate limited duration Contracts to make the necessary repairs. These purchases are exempt from Competitive Bidding only after formal declaration by the General Manager that an emergency exists. Board ratification must be obtained as soon as practicable thereafter. Examples of emergency purchases are:

- Items and/or services purchased in case of a force majeure event to meet the needs of GCWA's customers.
- Items and/or services to preserve or protect the public health or safety.
- Items and/or services necessary because of unforeseen damage to public or private property.

7 VENDOR REQUIREMENTS

All Vendors, except for purchasing card purchases, are required to submit a W-9, conflict of interest questionnaire, and a certificate of insurance (as applicable). For additional information refer to Texas Local Government Code Chapter 176.

Additional requirements are identified in the GCWA Purchase Order Terms and Conditions.

8 SPECIFIC REQUIREMENTS FOR GENERAL SERVICE, CONSTRUCTION, AND CONSULTANT CONTRACTS

This set of requirements is not all-inclusive; all Contracts are subject to applicable state, federal and local laws and regulations.

8.1 Insurance

GCWA may impose any reasonable insurance requirement on any Contractor, Vendor or consultant (in this section, each a "Contractor"), depending on the nature of the Contract and the work to be performed. GCWA's general insurance requirements for Contractors are set forth below.

The Contractor, at its own expense shall purchase, maintain, and keep in force such insurance as will protect Contractor from claims set forth below which may arise out of or result from the Contractor's operations under the Contract, whether such operations be by Contractor or by any subcontractor or by anyone directly or indirectly employed by Contractor or by any subcontractor, or by anyone for whose acts such Contractor or subcontractor may be liable.

Before commencing any of the work, the Contractor shall furnish and maintain valid certificates of insurance acceptable to GCWA substantiating the fact that Contractor has taken out the specified insurance for the period covered by the Contractor with an insurance carrier acceptable to GCWA. The Contractor shall require all subcontractors to carry limits equal to or greater than stated in the Contract.

The policies noted in the insurance requirements shall not be cancelled, or renewed, or materially changed in a manner that adversely affect GCWA or any additional insured unless thirty (30)

days prior written notice has been provided to GCWA by the Contractor or by Contractor's insurance agent/broker.

Nothing contained in these requirements shall be construed as limiting in any way the extent to which the Contractor or its subcontractor may be held responsible for payment of damages resulting from the Contractor or its subcontractor's operations.

All property and liability insurance, including Comprehensive General, Public, and Automotive, shall be written by an insurer licensed to conduct business in the State of Texas. GCWA, its officers, agents and employees shall be named as an additional insured.

The minimum insurance coverages are as follows:

Comprehensive General Liability, Public Liability Insurance (including Contractual, Completed Operations, and Products Liability): in the amount of \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. GCWA and its officers, representatives, and employees shall be named as Additional Insured as respect to liability arising out of activities performed by or on behalf of Contractor; products and completed operations of Contractor, premises owned, occupied or used by Contractor.

Automobile Liability Insurance: in the amount of \$1,000,000 combined single limit per accident, for bodily injury and property damage. The policy shall provide coverage for owned, hired, and non-owned coverage. If an automobile is to be utilized in the execution of the Contract, and the Contractor does not own a vehicle, then proof of hired and non-owned coverage is sufficient. Automobile Liability Limits above minimum state required limits *may be waived* if vehicle use is limited to the entrance parking lots of GCWA's facilities and will not occur elsewhere on GCWA's property.

Worker's Compensation Insurance: The Contractor shall provide and maintain Worker's Compensation Insurance which complies in all aspects and amounts with all applicable state and local laws.

Employer's Liability Insurance: in the amount of \$1,000,000 per accident (Bodily Injury By Accident); \$1,000,000 policy limit (Bodily Injury by Disease); \$1,000,000 per employee (Bodily Injury by Disease).

Waiver of Subrogation: The Contractor shall agree to waive all rights of subrogation against GCWA, its officers, representatives, and employees for losses arising from work performed by the Contractor for GCWA.

Professional Liability: A Contractor who is a professional engineer or registered architect or registered surveyor shall carry professional liability coverage in the amount of five times the total Contract value per claim/aggregate or a \$1,000,000 per claim/aggregate, whichever is higher.

Coverage shall continue for a minimum of two years after all work under the Contract is completed. The deductible on the policy for Professional Liability shall not exceed \$25,000 unless specifically approved by the General Manager. The General Manager may reduce coverage requirements for small projects.

Contractual Liability Insurance: The Contractor shall obtain coverage covering the indemnity provision of a Contract in the same amount and coverage as provided for Commercial General Liability Policy, specifically referring to the Contract by date, job number and location.

The Contractor shall cause its insurance company or insurance agent to fill in all information required (including names of insurance agencies, Contractor, and insurance companies, and policy numbers, effective dates and expiration dates, and provide proof that GCWA is an additional insured) and to date and sign and do all other things necessary to complete and a valid certificate of insurance. The certificate of insurance shall be filed with GCWA prior to commencing any of the work and within the time otherwise specified. None of the provisions in the certificate of insurance shall be altered or modified in any respect except as herein expressly authorized.

The certificate of insurance shall state: "Additional insured (all policies, except Worker's Compensation & Professional Liability) in favor of Gulf Coast Water Authority and waiver of subrogation (all policies) in favor of Gulf Coast Water Authority."

In no case shall the use of subcontractors in any way alter the position of the Contractor or its sureties with relation to the Contract. When a subcontractor is used, the responsibility for every portion of the work shall remain with the Contractor.

8.2 Indemnification

The Contractor shall indemnify and defend and hold harmless GCWA, its officers, agents, and employees, from any and all liability for damage to the extent that it is caused by or results from an act of negligence, intentional tort, intellectual property infringement, or failure to pay a subcontractor or supplier committed by the Contractor or the Contractor's agent, consultant under contract, or another entity over which the Contractor exercises control, except to the extent that such claims arise due to the sole gross negligence or willful misconduct of GCWA, its officers, agents, or employees.

Further, the Contractor shall comply with the requirements of all applicable laws, rules, and regulations in connection with the services of Contractor and shall indemnify, defend, and hold harmless GCWA, its officers, agents and employees from any and all liability, loss or damage arising out of noncompliance with such laws, rules and regulations, without limitation.

8.3 Taxes

The Contractor shall assume full responsibility for payments of federal, state and local taxes or contributions imposed or required under Social Security, worker's compensation, and income tax laws with respect to Contractor's employees.

8.4 Conflicts of Interest in Contracts

The provisions of Chapter 171 of the Texas Local Government Code shall apply to the award of GCWA's Contracts. (Texas Water Code § 49.214)

8.5 State Law Requirements

The following statement must be included in all GCWA's Contracts with any company:

For purposes of compliance with § 2252.152 of the Texas Government Code, Contractor hereby represents and warrants that, at the time of this Contract neither Contractor, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of Contractor, is a company listed by the Texas Comptroller of Public Accounts under § 2252.153 or § 2270.0201 of the Texas Government Code.

In addition to the clause listed above, for all Contracts with a value over \$100,000 between GCWA and a company with 10 or more full-time employees, the following additional statements must be included:

For purposes of compliance with § 2271.002 of the Texas Government Code, Contractor hereby verifies that it does not boycott Israel and will not boycott Israel through the term of the Contract. For purposes of this verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

For purposes of compliance with § 2274.002 of the Texas Government Code, to the extent the Contract constitutes a contract for goods or services for which a written verification statement is required under § 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislative Session, "SB 19"), Texas Government Code, as amended, and to the extent § 2274.002, Texas Government Code, as amended, does not contravene applicable Texas or federal law, Contractor hereby verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any,

1. do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and
2. will not discriminate during the term of the Contract against a firearm entity or firearm trade

association.

For purposes of this verification, “discriminate against a firearm entity or firearm trade association” shall have the meaning assigned to such term in § 2274.001(3) (as added by SB 19), Texas Government Code, and Contractor understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with Contractor and exists to make a profit.

For purposes of compliance with § 2274.002 of the Texas Government Code, to the extent the Contract constitutes a contract for goods or services for which a written verification statement is required under § 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislative Session), Texas Government Code, as amended, and to the extent § 2274.002, Texas Government Code, as amended, does not contravene applicable Texas or federal law, Contractor hereby verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of the Contract. For purposes of this verification, “boycott energy companies” shall have the meaning assigned to the term “boycott energy company” in § 809.001, Texas Government Code, and Contractor understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with Contractor and exists to make a profit.

8.6 Form 1295

Unless an exemption applies, filing of Form 1295 is required by the Contractor if:

- A Contract requires a vote by the Board before it can be signed; or
- A Contract has a value of at least \$1,000,000.

The Form 1295 filing requirement does not apply to:

- A Contract with a publicly traded business entity, including a wholly owned subsidiary of the business entity;
- A Contract with an electric utility, as the term is defined by § 31.002, Utilities Code; or
- A Contract with a gas utility, as the term is defined by § 121.001, Utilities Code. (See Texas Government Code § 2252.908(c) for a full list of Contracts to which the Form 1295 requirement does not apply.)

8.7 Federal Contracting Provisions

Each approved and executed Contract for which GCWA is utilizing federal funds shall include, as appropriate, the following provisions as required under Appendix II of 2 C.F.R. Part 200 (Contract Provisions for Non-Federal Entity Contracts Under Federal Awards):

- a. All Contracts requiring an expenditure of more than the simplified acquisition threshold as authorized by 41 U.S.C § 1908 must address administrative, contractual, or legal

remedies in instances where Contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

- b. All Contracts requiring an expenditure of more than \$10,000 must address termination for cause and for convenience, including the manner by which it will be affected and the basis for settlement.
- c. All Contracts that meet the definition of “federally assisted construction contracts” pursuant to 41 C.F.R. § 60-1.3, must include the Equal Employment Opportunity clause provided under 41 C.F.R. § 60-1.4(b) in accordance with Executive Order 11246, as amended.
- d. All prime construction contracts in excess of \$2,000 must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. §§ 3141-3144, and §§ 3146 - 3148) as supplemented by Department of Labor regulations (29 C.F.R. Part 5) as well as the Copeland Anti Kick-Back Act (18 U.S.C. § 874, 40 U.S.C. § 3145) (relating to payment of wages).
- e. All Contracts in excess of \$100,000 that involve the employment of mechanics or construction laborers must include a provision stating compliance with the Contract Work Hours and Safety Standards clause, pursuant to the requirements of 40 U.S.C. §§ 3702 and 3704, as supplemented by Department of Labor regulations, 29 C.F.R. Part 5 (relating to payment of wages for laborers and mechanics for construction work).
- f. If the Federal award meets the definition of “funding agreement” under 37 C.F.R. § 401.2 (a) and the recipient or subrecipient wishes to enter into a Contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that funding agreement, the recipient or subrecipient must comply with the requirements of 37 C.F.R. Part 401 (regarding rights to inventions).
- g. Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the award recipient to comply with all applicable standards, orders or regulations pursuant to the Clean Air Act (42 U.S.C § 7401-7671q) and Federal Water Pollution Act (33 U.S.C. § 1251-1387). Any violations must be reported to the Board and the Regional Office of the Environmental Protection Agency (EPA).
- h. A Contract award must not be made to parties listed on the government wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 C.F.R. Part 180 that implement Executive Orders 12549 and 12689.
- i. Contractors that apply or bid for an award of \$100,000 or more, must file the required certification under the Byrd Anti Lobbying Amendment (31 U.S.C. § 1352) (regarding certification that federal appropriated funds will not be used for lobbying in connection with a federal contract, grant or award and requiring disclosure of lobbying efforts with non-federal funds).

8.8 Use of Existing Contracts

An existing Contract may be used if the Contract is in compliance with all relevant procurement standards in this Policy, the scope of work is broad enough to cover the type and extent of

work now contemplated, and the agreed price/costs are fair and reasonable based on current standards. An existing Contract may be modified to conform with additional requirements of this Policy, if relevant state and local laws permit such modifications.

8.9 Prohibited Practices

The following practices are prohibited:

- Cost plus percentage-of-cost contracts are strictly prohibited. The Contractor's profit shall not be based on a percentage of the underlying project costs actually incurred.
- No award of a Contract shall be given to a suspended or disbarred Contractor, nor may any prime Contractor award to a suspended or debarred subcontractor.
- Any Contractor who assists in developing or drafting Specifications, requirements, statements of work, invitations for bid or request for Proposals is prohibited from competing for and being awarded the subsequent Contract for that same work (2 C.F.R. § 200.319(b)).
- Obtaining a Purchase Order after a product/service is received is prohibited by law.

9 PURCHASING CARD

Purchasing cards are intended to provide employees with an efficient and controllable method of making small dollar product, service, and travel purchases. GCWA will issue purchasing cards from a bank or credit union.

GCWA is sales tax-exempt by law. It is the cardholder's responsibility to notify the vendor of GCWA's tax-exempt status when making a purchase. Employees are responsible for ensuring that sales tax is not included and are responsible for reimbursing GCWA for any sales tax that is included.

Purchasing card purchases must comply with all signature authority limits and other applicable requirements set forth in this Policy. Utilizing a purchasing card to avoid obtaining a Purchase Order is strictly prohibited. All purchases must be below the threshold requiring a Purchase Order.

9.1 Approved Usage

Purchasing cards are approved for the following GCWA-related business activities:

- Advertisements and legal notices.
- Subscriptions, books, and work related publications.
- Internal meeting/training lunches and snacks with General Manager or Executive Management approval.
- Seminars, training, memberships, registration

- Travel-related expenses (ex: hotel, meals, parking).
- Any other business-related purchase as long as goods/services purchased are not covered under a GCWA supply contract such as for fuel, utilities, cell phones, and computer equipment or software.
- Purchases not exceeding the single transaction limit.

9.2 Restrictions and Exemptions

Utilizing a purchasing card for the following purchases is strictly prohibited:

- Capital purchases for services or equipment.
- Any purchase for the employee's sole benefit or personal use.
- Meals for meetings involving staff only, unless meeting is approved by General Manager or Executive Management.
- Cash refunds or advances.
- Any transaction amount greater than the cardholder's transaction limit.
- Alcohol or liquor of any kind (unless approved by General Manager).
- Separate, sequential, and component purchases or any transaction made with intent to circumvent this Policy or state law.
- Any other purchase specifically excluded in this Policy.
- Fuel purchases for GCWA vehicles if employee has already been assigned a fuel card; and fuel for anything other than GCWA vehicles and equipment.
- Computer hardware, software and services (except as approved by the IT Manager or General Manager)
- Communications hardware, software and services (except as approved by the IT Manager or General Manager)
- Managed services including service contracts and agreements for services performed on GCWA property.
- Entertainment (theater, movies, shows etc.)
- Items available through annual contracts, price agreements, or blanket Purchase Orders, unless an emergency exception is granted by the General Manager or Executive Management.
- Purchases of clothing and food not authorized by the employee's department.

9.3 Cardholder Responsibility

The purchasing card program reflects GCWA's trust in the employee and his/her empowerment as a responsible employee of GCWA to safeguard and protect its assets. As a cardholder, each employee assumes the responsibility for the protection and proper use of

the purchase card, including timely reconciliation. Allegations of misuse will be investigated promptly. Substantiated misuse of the purchasing card program may result in loss of privileges or disciplinary action up to and including termination and criminal prosecution.

The following are examples of misuse of the purchasing card; this list is not exhaustive, and is included for illustrative purposes only:

- In the event that the GCWA purchase card is unintentionally used for a personal purchase, the cardholder must inform his/her supervisor and submit payment for the charge.
- Assignment, transfer, or loaning of an individual card to another employee or person.
- Failure to submit receipts for all purchases on a monthly basis.
- Use of a purchase card by a suspended or terminated employee.
- Lack of proper and timely reconciliation of individual cardholder account.

10 BUSINESS EXPENSE REIMBURSEMENTS

GCWA will reimburse employees for certain expenses that are unable to be purchased utilizing traditional purchasing methods. Reimbursements shall be limited to purchases of products, supplies, services and mileage when employees are traveling and/or the applicable Policy cannot be utilized.

Employees are responsible for ensuring that taxes are not charged and will not be reimbursed for any taxes included.

10.1 Approved Business Expenses:

The following items are generally considered approved business expenses. Any items/services not included in this list shall be reviewed by the General Manager or designee for approval prior to reimbursement being authorized:

- Training, Conferences & Seminars
- Lodging
- Transportation
- Meals While Traveling
- Dues for Professional or Technical Organizations

10.2 Prohibited Expenses:

Expenses or charges for the following items will not be reimbursed and must be paid by the

employee:

- Computer hardware, software and accessories
 - These items shall be purchased through the IT Manager.
 - Exceptions must be approved by the General Manager or designee
- Personal charges for hotel room service
- Charges for spouses that accompany the employee on out of town trips
- Alcoholic beverages (unless approved by General Manager)
- Fuel for a privately-owned vehicle
- Personal vehicle maintenance or repair
- Items of a personal nature

10.3 Required Documentation

When reporting expenditures for reimbursement, the required documentation shall be provided. Failure to submit all required documentation will result in denial of reimbursement.

Examples of required documentation include, but are not limited to:

- Completed Expense Reimbursement Form
- Itemized receipts for all purchases
- Route taken to determine mileage, i.e. MapQuest or Google Maps