



ALLIANCE WATER

Alliance Regional Water Authority

Request for Qualifications

Environmental Services

RFQ# 2017-002

Responses Due:
January 18, 2018

Contact:

Alliance Water

Attn: Graham Moore

630 E. Hopkins

San Marcos, TX 78666

Phone: (512) 294-3214

gmoore@alliancewater.org

**RFQ # 2017-002
Environmental Services**

Request for Qualifications

Number: 2017-002

Title: Environmental Services

Date Issued: December 4, 2017

Deadline for Questions: January 9, 2018 @ 5:00 PM, CST

Deadline for Submitting Responses: January 18, 2018 @ 3:00 PM, CST

Responses to Be Delivered to: **Graham Moore, P.E.**
Alliance Regional Water Authority
c/o Office of the Purchasing Manager
Municipal Building – 1st Floor,
Human Resources Training Room
630 E. Hopkins
San Marcos, TX 78666
Phone: (512) 294-3214
gmoore@alliancewater.org

Procurement Contact: **Graham Moore, P.E.**
Alliance Regional Water Authority
630 E. Hopkins
San Marcos, TX 78666
Phone: (512) 294-3214
gmoore@alliancewater.org

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Alliance Regional Water Authority
Request for Qualifications for
Environmental Services
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The Alliance Regional Water Authority (the "Alliance Water") wishes to engage a qualified firm to provide professional environmental services in connection with its first phase of water production, treatment, and transmission facilities (the "Phase 1B Program"). Alliance Water plans to select a firm in accordance with the State Professional Services Procurement Act (Government Code, Chapter 2254). In this Request for Qualifications (this "RFQ") the term "proponent" means either a single company or a team of companies that submit a response to this RFQ.

Part 1. Alliance Water Background Information

1.1 Nature of Alliance Water. Alliance Water is a conservation and reclamation district created by the 85th Texas Legislature in SB 1198 which converted the Hays Caldwell Public Utility Agency to Alliance Water. Alliance Water is a political subdivision of the State of Texas. Alliance Water has four Sponsors: the City of Kyle ("Kyle"), the City of Buda ("Buda"), the City of San Marcos ("San Marcos"), and the Canyon Regional Water Authority ("CRWA"). These sponsoring entities are referred to in this RFQ individually as a "Sponsor" and collectively as the "Sponsors". Alliance Water is a separate public entity from the Sponsors. Alliance Water was formed to jointly pursue a water supply project in the Carrizo and Wilcox aquifers in an area near the intersection of Bastrop, Caldwell, Fayette and Gonzales counties

1.2 Purposes of Alliance Water. The Sponsors are participating in Alliance Water to achieve economies of scale in providing essential water and wastewater services to the Sponsors and to other potential wholesale customers.

1.3 Alliance Water Governance. Alliance Water is governed by a 13-member Board of Directors (the "Alliance Water Board"). Each of the Sponsors appoints one or more Directors, with the number of appointments based on the Sponsors' respective water supply needs as identified to Alliance Water. The Alliance Water Board has appointed a six-member Executive Committee (the "Executive Committee") to provide guidance in the routine operations of Alliance Water.

1.4 Executive Director. Alliance Water's Executive Director, Graham Moore, will serve as the primary point of contact for this RFQ.

1.5 Alliance Water - Water Leases/Permits. Alliance Water has leased groundwater rights on over 17,300 acres of land in Caldwell and Gonzales counties. Alliance Water currently has production and transport permits from the Gonzales County Underground Water Conservation District for 10,300 acre-feet per year and 4,700 acre-feet per year from the Plum Creek Conservation District, for a total permitted water supply of 15,000 acre-feet per year. Some, but not all, of the 17,300 acres of leases are pooled under these permits.

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Part 2. Phase 1B Program Information

2.1 Overview of Phase 1B Program. Alliance Water intends to design and construct its Phase 1B Program infrastructure that will produce, treat and deliver Carrizo water from eastern Caldwell County to the following Sponsors and Sponsor members:

- San Marcos
- Kyle
- Buda (delivery ties into Phase 1A system currently in final design)
- Canyon Regional Water Authority
 - County Line SUD
 - Crystal Clear SUD
 - Green Valley SUD

Ultimately Alliance Water's Carrizo project, including the Phase 1B Program and one or more future phases, is anticipated to yield 35,690 acre-feet per year of water to the Sponsors. The Phase 1B Program is anticipated to initially produce, treat and deliver approximately 5,500 acre-feet per year, growing to 15,000 acre-feet per year through the future addition of Carrizo wells and water treatment trains. The attached Exhibit 1 map indicates the approximate locations of the key major infrastructure components.

The raw water pipeline and treated water pipeline from the water treatment plant to Booster Pump Station #1 near Maxwell, Texas will be sized for 15,000 acre-feet per year with a 1.5 times peaking factor. These pipelines are anticipated to be paralleled in the future with secondary pipelines to deliver the full 35,690 acre-feet per year.

The pipelines from Booster Pump Station #1 to the Sponsors Delivery Points will be sized for their share of the ultimate project (35,690 acre-feet per year) with a 1.5 times peaking factor, so that secondary pipelines are not needed through these more urban areas in the future.

The Water Treatment Plant and Booster Pump Station #1 will be sized for initial flows with certain key components (tanks, piping, buildings, etc.) sized for the future flows to make expansion easier. The well field will continue to be expanded through time as demand grows through the addition of new groundwater wells to increase the available yield in accordance with Alliance Water's permits.

Alliance Water's schedule for the Phase 1B Program calls for treated Carrizo water to be delivered to all of the Sponsors in the year 2023.

2.2 Phase 1B Program Execution Structure. The Alliance Water Board has approved an execution structure for the Phase 1B Program as outlined in Exhibit 2. Alliance Water's intent is to procure consultants for the services noted in Exhibit 2 through the issuance of multiple requests for qualifications. The RFQ for Program Manager / Owner's Representative has already been issued, but a firm has not yet been selected. The selected proponent under this Environmental Services RFQ will be required to coordinate with the selected Program Manager / Owner's Representative, but all contracts will be directly with Alliance Water. Additionally, as indicated in Exhibit 2, Alliance Water will separately retain engineering design consultants to assist with design and permitting as well as property acquisition services to obtain the easements for the project. The property

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acquisition will include surveying services to obtain legal descriptions of parcels to be acquired and to set the overall survey control for the Phase 1B Program. The Program Manager / Owner's Representative will be responsible for coordination between design firms, the environmental firm selected under this RFQ, and property acquisition consultants.

2.3 Texas Water Development Board (TWDB) Funding. Alliance Water has received a funding commitment from the TWDB for up to \$213.4 million from the State Water Implementation Fund for the Phase 1B Program. Alliance Water recently closed on the first \$31.9 million of this funding and anticipates closing on the remaining funds over the next four years. As a result of the funding, the Phase 1B Program will be required to receive engineering and environmental approval from the TWDB for all projects in accordance with their guidelines.

2.4 Construction Projects

Alliance Water anticipates having nine separate construction projects (individually, a "Project" and collectively, the "Projects") for the Phase 1B Program. Environmental permitting and clearance will be required for each of the following:

- Five treated transmission pipelines (~95 miles in total length, with an anticipated 450 total parcels, refer to Exhibit 3 for segmentation)
- A raw water pipeline (~2 miles in length)
- A new Water Treatment Plant site
- A Booster Pump Station and eight (8) delivery points with meters, valves, vaults, etc.
- An Administrative Building co-located on the same site as the booster pump station

The selected proponent will provide constraints analysis, permitting strategies, regulatory analysis, environmental assessments, site assessments and other environmental services as necessary for the Projects. The Projects are anticipated to move forward contemporaneously.

Part 3. Scope of Work

Alliance Water intends to contract with one proponent to provide the broad scope of environmental services necessary in order for all Projects comprising the Phase 1B Program to be successfully completed.

3.1 Services Required. Below are the scopes of work that have been identified for the Projects.

- Environmental Constraints Level Analysis
- Phase I Environmental Site Assessments conforming to ASTM E-1527-13 for fee simple property acquisitions
- Conduct Endangered Species reviews
- Conduct Cultural Resources reviews
- Conduct Archaeological Survey as required by the Texas Historical Commission
- US Army Corps of Engineers Section 404 Permitting
- Completion of TWDB Environmental Permitting in accordance with requirements for SWIFT funding
- Coordination with floodplain administrators, as necessary

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- Coordination with applicable federal and state regulatory agencies, including the Texas Parks and Wildlife Department, United States Corps of Engineers, Texas Historical Commission, United States Fish and Wildlife Service
- Surveys during construction for potentially impacted species as dictated by TWDB environmental determination

3.2 Phased Approach to Projects. Each Project is anticipated to follow the phased approach outlined below. The projects are anticipated to move forward contemporaneously.

- a. Feasibility / Preliminary Engineering Phase Services
This phase will develop a clear, well-defined scope of environmental services for the Project. The selected proponent will assist in route confirmation and final selection. Desktop level constraints are anticipated in this phase, along with a preliminary analysis of permitting requirements for the Project. This will include the development and submittal of a preliminary cost estimate and schedule for environmental services.
- b. Design and Permitting Services
The selected proponent will, upon written authorization, conduct the necessary environmental field investigations and other coordination to allow for the proper and complete preparation and submittal to the TWDB of the Environmental Data Form. The proponent will work with the TWDB and other related regulatory agencies to garner environmental approval for the Project.
- c. Bidding Services
No bidding services are anticipated for the selected proponent.
- d. Construction Phase Services
If required as part of the construction contract documents or the environmental permit, if any, for the Project, the proponent will provide construction phase surveys, documentation and other work to demonstrate compliance with all environment-related terms and conditions stipulated in the construction contract documents or the environmental permit(s).

3.3 Schedule for Services. The term of the agreement for environmental services is anticipated to be six years, or through the completion of construction of the Phase 1B Program. The agreement may be extended upon agreement of both parties.

Part 4. Response to the Request for Qualifications

Each proponent should submit a detailed response to this RFQ and the detailed response should be referenced to the specific sections of this RFQ. The response should include sufficient information to enable Alliance Water to fully evaluate the capabilities of the proponent and its approach to providing the specified services.

- 4.1 Proponent's Team and Qualifications. The response should at a minimum address the following:
- a. The proponent's full name, the proponent's type of business organization, the address of the proponent's principal office, and the address of the proponent's office that will be responsible for this matter.

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- b. History of the proponent, including number of years it has been in business, number of employees, present ownership and key management individuals.
- c. Identify key staff to be assigned to this project and describe their professional qualifications (to include licenses, certifications, associations) and relevant experience.
- d. Identify any subcontractors that are included as part of the proposed team, their role and related experience for the Phase 1B Program.
- e. Describe the proponent's experience relevant to the environmental services as described by this RFQ.
- f. Provide an organizational chart of the proponent and the personnel who will be assigned to the Phase 1B Program.
- g. Identify any additional skills, experiences, qualifications of the proponent or the team you wish to be considered.
- h. Resumes of all individuals identified in the response should be included in Appendix A and limited to one page per person, except for key personnel, which should be limited to two pages each.

4.2 Project Approach. The proponent should discuss its detailed approach to providing the services noted in Part 3 above for the Pipeline Segment 3 in Exhibit 3 (cyan line). The response should at a minimum address the following:

- a. Understanding of the Phase 1B Program, approach to successful completion, specialized skills needed, special considerations and possible difficulties in completing the Phase 1B Program.
- b. Describe your approach to gaining TWDB environmental approval(s) and facilitating the permitting processes associated with the Phase 1B Program.
- c. Discuss in detail the manner in which proper coordination and information exchange will be guaranteed among the proponent, its subconsultants, Alliance Water and Alliance Water's Program Manager / Owner's Representative.
- d. Discuss how the proponent will provide the required environmental services for the Phase 1B Program noted in Section 3.1 in a timely manner so that the projects stay on schedule.
- e. Discuss how the staff will be assigned and managed to complete the environmental work associated with the Phase 1B Program which will include multiple simultaneous Projects.
- f. The proponent should include any alternative innovative approaches to the provision of environmental services for the Phase 1B Program, if applicable.

4.3 Proponent's Past Performance. The response should at a minimum address the following:

- a. List and describe relevant projects of similar size and scope performed over the past ten years. Identify the project owner, contact name, current phone number and e-mail address.
- b. Demonstrated record of performance, including completion schedule and quality of work product.
- c. Demonstrate the proponent's experience in TWDB funded projects, specifically in gaining environmental approvals from the TWDB.
- d. List record of terminations for cause and/or defaults; disciplinary action, including suspension; safety record; client references; awards, and commendations.

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4.4 HUB Participation. Alliance Water has a participation goal for Historically Underutilized Businesses (HUB) of **23.7%** for the Phase 1B Program as a whole. The proponent does not have to be a HUB or meet the HUB goal through subconsultants in order to be considered, but a proponent's score for HUB participation in Part 6 below will be based on the extent to which the proponent's services will involve HUBs. Should a HUB Compliance Plan not be submitted with a response, the response may be removed from consideration.

4.5 Format of Response

- a. Responses are limited to a maximum of **18** pages per qualifications statement. A single side equals a single page. **Appendices, such as resumes and the Qualifications Certification Sheet, do not count toward the page limit.** Alliance Water reserves the right to include all or any part of the proponent's response in the final agreement.
- b. Responses should be clear, concise and complete. They should be submitted using 8 ½" x 11" portrait format. The minimum font size used shall be 11 point. Illustrations, if required, may be submitted on 11" x 17" sheets. 11" x 17" sized pages will count as **two pages** toward the maximum page limit. Responses must be securely bound by any means except by 3-ring binders and paper/binder clips.
- c. Each of the six sections listed below should include tabbed dividers labeled 1, 2, 3, etc. The tabbed dividers do not count toward the overall page count. The statement of qualifications should be organized in the same sequence as noted in the table below in order to expedite the evaluation:
 1. Cover Letter. Provide a cover letter summarizing the proponent's qualifications. The letter should be signed by an authorized representative of the proponent. Insert the Qualifications Certification Sheet (see the form included below Part 8) immediately after the cover letter.
 2. Proponent's Team & Qualifications. Address the requirements included in Section 4.1.
 3. Project Approach. Address the requirements included in Section 4.2.
 4. Proponent's Past Performance. Address the requirements included in Section 4.3.
 5. Appendix A – Resumes of Team. Include resumes of designated team members as noted in Section 4.1.
 6. Appendix B – HUB Compliance Plan. Proponents must include a HUB compliance plan. The compliance plan at a minimum should include:
 - a. Whether the proponent is a HUB.
 - b. A list of subconsultant opportunities, and for each proposed subconsultant, the name and address of the subconsultant, whether the subconsultant is HUB-certified, and the percent level of participation anticipated on this Project for the subconsultant.

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- c. The proponent must include State of Texas, City of Austin or South Central Texas Regional Certification Agency certifications for all HUB firms/subconsultants included on the team.

Part 5. Submitting a Response

5.1 RFQ Schedule. The schedule for this RFQ is as follows:

Date	Event
December 4, 2017	RFQ Issued
January 9, 2018, 5:00 pm	Deadline for written inquiries
January 18, 2018, 3:00 pm	Responses due
March 2018	Alliance Water Board awards the agreement

5.2 Delivery Instructions. All responses must be submitted in a sealed package. No other form of submission will be accepted (i.e., E-mail, Facsimile, etc.). Response packages must be identified on the outside as follows:

Response to Alliance Water RFQ No. 2017-002: Environmental Services

From: _____
Name of Proponent

Street Address

City, State, Zip Code

Each proponent must deliver one original response (including an original signed certification) and five (5) copies so that they are **received by 3:00 p.m. on January 18, 2018**. **The submission must include one digital copy either on DVD or thumb drive in a searchable Adobe Acrobat (PDF) format.** Delivery will be to:

Graham Moore, P.E.
Alliance Regional Water Authority
c/o Office of the Purchasing Manager
Municipal Building – 1st Floor,
Human Resources Training Room
630 E. Hopkins
San Marcos, TX 78666

5.3 Inquiries. **Inquiries regarding this RFQ must be in written form only, and must be received by 5:00 p.m. on January 9, 2018.** Inquiries must be delivered via email (see address below) or placed through the www.CivCastUSA.com website. Inquiries must include the proponent's

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name, your name, address, and phone number, and your email address. If Alliance Water responds to an inquiry, Alliance Water will provide the inquiry and the response to all prospective proponents.

Graham Moore
Alliance Regional Water Authority
Phone: (512) 294-3214
gmoore@alliancewater.org

Part 6. Selection Process and Criteria

6.1 Evaluation/Negotiation Process. Alliance Water intends to form a Selection Committee to review all responses which are timely submitted, and rank them according to the criteria below. In the event the negotiations with the selected proponent are not successful, then Alliance Water may enter into negotiations with the next highest ranked proponent. The process will continue in this sequence until an agreement is finalized or all responses are rejected. If negotiations on an agreement are successful, the Executive Director will make a recommendation to the Alliance Water Board for award of the agreement, and the Alliance Water Board will make a decision on award of the agreement.

6.2 Evaluation Criteria. The Selection Committee will evaluate responses based on the following criteria:

a. Proponent's Team & Qualifications	40 points
b. Project Approach	30 points
c. Proponent's Past Performance	25 points
d. HUB Participation	5 points
<hr/>	
TOTAL	100 points

Part 7. General Provisions

7.1 Collusion. By submitting a response, you certify that you have not colluded with any other proponent or potential proponent in preparing your qualifications, nor have you knowingly disclosed any portion of your response to any other proponent prior to submission to Alliance Water.

7.2 Addenda. Any changes to this RFQ, whether resulting from the inquiries submitted by proponents or otherwise, including any extension to the RFQ due date, will be provided to proponents in the form of an addendum to this RFQ. Addenda can only be viewed at www.CivCastUSA.com. It is the responsibility of each proponent to check the above site to determine if Alliance Water has issued any addenda.

7.3 Lobbying Prohibited. Potential proponents are prohibited from directly or indirectly communicating with Alliance Water Board members regarding their qualifications or the award of an agreement. Potential proponents are prohibited from contacting Alliance Water officials or staff members regarding their qualifications or the award of an agreement, unless in response to an inquiry from a staff member or official. Any violation will result in immediate disqualification of a proponent from the selection process.

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7.4 Disclaimers. Alliance Water reserves the right to reject any and all responses, and the right to waive any irregularities in any response if Alliance Water deems this to be in its best interest. Alliance Water makes no commitment to any proponent beyond consideration of responses. Alliance Water will not reimburse any proponent for costs incurred in connection with this RFQ.

Part 8. Terms of the Engagement

8.1 Alliance Water Standard Terms and Conditions. Alliance Water's standard terms and conditions for this engagement are included as Attachment A. If a proponent wishes to propose alternative language for any provision in these terms and conditions, the proponent must include the proposed language in its response. Alliance Water reserves the right to accept or reject any proposed alternative language. Alliance Water also reserves the right to modify provisions in these terms and conditions, prior to finalization of an agreement with a proponent, to account for the scope of services to be performed by the Program Manager / Owner's Representative selected by Alliance Water.

8.2 Program Manager / Owner's Representative Consultant Prohibited from Other Phase 1B Program Work. The selected Program Manager / Owner's Representative Consultant will not be eligible to provide any services on the Phase 1B Program other than in its role as the Program Manager / Owner's Representative.

8.3 Subconsultant to the Program Manager / Owner's Representative. A subconsultant to the selected Program Manager / Owner's Representative will not be eligible to provide other services on the Phase 1B Program if Alliance Water determines that this would pose a conflict of interest with the subconsultant's Program Management / Owner's Representative role.

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Qualifications Certification Sheet

Proponent Firm Name:
Proponent Contact Person:
Mailing Address:
Telephone:
FAX:
E-Mail Address:

Certifications:

1. The signing individual certifies that he/she is authorized to execute contracts on behalf of the proponent.
2. The signing individual certifies on behalf of the proponent that he/she has read and understands all of the information in this Request for Qualifications.
3. The signing individual certifies on behalf of the proponent that all information submitted in this response is true and correct.
4. The signing individual certifies that the proponent firm will enter into an agreement with Alliance Water which includes Alliance Water's contract provisions in Attachment A of this RFQ, except as to alternative language for specific provisions as stated in this response.
5. By signing below and submitting a response, the signing individual on behalf of the proponent irrevocably:
 - grants Alliance Water the right to investigate all references identified in this response;
 - authorizes all references identified in this response, and their officers, employees and agents to furnish any and all information known to them about the quality of services provided by the proponent firm; and
 - releases and waives any claims the proponent or individual members of the proponent's firm may have against Alliance Water, its officers, employees or agents, and against all references identified in this response, and their officers, employees and agents, related to information furnished in the course of reference checks.

Proponent Firm Name:

By: _____
Signature

Date

Printed Name, Title

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Attachment A

**Alliance Regional Water Authority
Terms and Conditions for Professional Services Agreements**

1. Standards of Performance

- A. The performance of all services by the Consultant under this Agreement will be by persons appropriately licensed or registered under State, local and Federal laws.
- B. In performing all services under this Agreement, the Consultant will use the standards of care and skill exercised for similar engagements by professional environmental services firms possessing a statewide or national reputation for the types of services involved under this Agreement.
- C. Any provisions in this Agreement pertaining to Alliance Water's review, approval or acceptance of written materials prepared by the Consultant in connection with this Agreement will not diminish the Consultant's responsibility for the materials.
- D. The Consultant will perform all of its services in coordination with Alliance Water and its Program Manager / Owner's Representative. The Consultant will advise Alliance Water of data and information the Consultant needs to perform its services, and the Consultant will meet with Alliance Water representatives at mutually convenient times to assemble this data and information.
- E. In performing all services under this Agreement, the Consultant will comply with all local, state and federal laws.
- F. The Consultant understands that funds for this Project are being provided by the Texas Water Development Board from the State Water Implementation Fund of Texas ("SWIFT"). The Consultant will perform all of its services in accordance with applicable laws, rules and regulations related to SWIFT funding, including, without limitation, those relating to environmental matters and participation by historically underutilized businesses.

2. Consultant's Responsibilities

- A. The Consultant will perform all of the services described in the final agreed scope of services in a timely, professional manner in accordance with the work schedule and the Standards of Performance.
- B. The Consultant will submit detailed monthly invoices to Alliance Water during the period of the Consultant's performance of services showing either the percentage of work completed (fixed fee agreements), or the services performed and the personnel and hourly rates (hourly rate agreements). Reimbursable expenses, if not included in other fees, will be charged at cost.
- C. The Consultant will secure Alliance Water's prior written approval for the Consultant's subcontracting of any services under this Agreement. The Consultant will ensure that any services subcontracted are specified by separate written agreement that will expressly be subject to each provision of this Agreement.

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3. Alliance Water's Responsibilities

- A. Alliance Water will provide information to the Consultant regarding Alliance Water's requirements for the Consultant's services under this Agreement. Alliance Water will furnish the Consultant with copies of official Alliance Water policies and procedures, and other data and information in Alliance Water's possession needed by the Consultant, at the Consultant's request.
- B. Alliance Water will designate an authorized representative to act on Alliance Water's behalf with respect to this Agreement. Alliance Water reserves the right in its sole discretion to modify this designation with respect to all or part of the Phase 1B Program.
- C. Alliance Water will examine documents and information submitted by the Consultant, and promptly render responses to the Consultant on issues requiring a decision by Alliance Water.
- D. Alliance Water will make payments to the Consultant on a monthly basis during the period of the Consultant's performance of services. Payments will be made within 30 days of receipt of invoices by Alliance Water. If a material question arises about a portion of an invoice, Alliance Water will pay the remainder of the invoice pending resolution of the question.

4. Consultant's Records

- A. All expense records of the Consultant related to this Agreement will be kept on a recognized accounting basis acceptable to Alliance Water and will be available to Alliance Water at mutually convenient times.
- B. Alliance Water and federal and state agencies that have monitoring or auditing responsibilities for this Agreement will have access to any books, documents, papers and records of the Consultant which are directly pertinent to this Agreement for the purpose of making audit, examination, excerpts, copying and transcriptions.
- C. The Consultant will retain all of its records and supporting documentation relating to this Agreement, and not delivered to Alliance Water, for a period of three years, except that in the event the Consultant goes out of business during that period, it will turn over to Alliance Water all of its records relating to the Project for retention by Alliance Water.
- D. The Consultant will furnish to Alliance Water at such time and in such form as Alliance Water may require, financial statements including audited financial statements, records, reports, data and information, as Alliance Water may request pertaining to the matters covered by this Agreement.

5. Ownership of Documents

All documents prepared by the Consultant in connection with this Agreement will become the property of Alliance Water whether or not any project related to this Agreement is executed. Alliance Water agrees such documents are not intended or represented to be suitable for reuse for another project by Alliance Water or others. Any such reuse by Alliance Water or anyone who obtains the

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documents from Alliance Water without written verification or adaptation by the Consultant will be without liability or legal exposure to the Consultant.

6. Bid Phase Services

NOT USED.

7. Construction Phase Services

During the construction phase of each Project, the Consultant will provide the following services:

A. The Consultant will make on-site professional surveys of the project to document and ensure compliance with all environment-related terms and conditions included or referenced in the construction contracts for the project or the environmental permit, if any, applicable to the project. The Consultant will also be reasonably available to perform site visitations at the specific request of Alliance Water by the next business day after a request is made.

B. The Consultant will not have control or charge of and will not be responsible for construction means, methods, techniques, sequences or procedures, or for safety precautions and programs in connection with the work, for the acts or omissions of the construction contractor, subcontractors or any other persons performing any of the work, or for the failure of any of them to carry out the work in accordance with the construction contract documents, unless the acts or omissions are due to the negligence of the Consultant or are acts or omissions under the Consultant's control. If the Consultant becomes aware of the construction contractor's utilization of means, methods, techniques, sequences and/or procedures of construction which, in the Consultant's opinion, will not result in completion of a project in compliance with all environment-related terms and conditions included or referenced in construction contract documents or the environmental permit, if any, applicable to the project, or which are unsafe, the Consultant will immediately inform Alliance Water and will take all necessary action which the Consultant is authorized to take under the construction contract documents to correct the matter.

8. Term; Termination of Agreement

A. The term of this Agreement begins upon its execution by Alliance Water, and will end upon the Consultant's completion, and Alliance Water's acceptance, of all services described in this Agreement.

B. This Agreement may be terminated by either party upon 15 days prior written notice should the other party fail substantially to perform in accordance with its terms through no fault of the party initiating the termination.

C. This Agreement may be terminated at will by Alliance Water upon 30 days prior written notice to the Consultant.

D. In the event of termination as provided in this Section, the Consultant will be compensated for all services performed to the termination date which are deemed by Alliance Water to be in accordance with this Agreement. This amount will be paid by Alliance Water upon the Consultant's

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delivering to Alliance Water a final report of the status of its services under this Agreement, whether completed or in progress.

9. Insurance and Indemnity

A. The Consultant will hold harmless, indemnify and defend Alliance Water and its employees, agents, officers and servants from any and all lawsuits, claims, demands and causes of action of any kind arising from the negligent or intentional acts, errors or omissions of the Consultant, its officers, employees or agents under this Agreement. This will include, but not be limited to, the amounts of judgments, penalties, interest, court costs, reasonable legal fees, and all other expenses incurred by Alliance Water arising in favor of any party, including the amounts of any damages or awards resulting from claims, demands and causes of action for breach of fiduciary duty or malfeasance, or personal injuries, death or damages to property.

B. The Consultant will procure and maintain at its expense insurance with insurance companies authorized to do business in the State of Texas, covering all operations under this Agreement, whether performed by the Consultant or its agents, subcontractors or employees. Before commencing the work the Consultant will furnish to Alliance Water a certificate or certificates in a form satisfactory to Alliance Water, showing that the Consultant has complied with this paragraph. All certificates will provide that the policy will not be canceled until at least 30 days written notice has been given to Alliance Water, and will name Alliance Water as an additional insured on all coverages except workers' compensation and professional liability. The kinds and amounts of insurance required are as follows:

Workers' Compensation Insurance: In accordance with the provisions of the Workers' Compensation Act of the State of Texas.

Liability Insurance: (1) Commercial general liability insurance with a combined single limit of \$500,000 for each occurrence, (2) Motor vehicle liability insurance in an amount not less than \$250,000 for injuries to any one person, not less than \$500,000 for all injuries in a single accident, and not less than \$250,000 for property damage, and (3) Professional liability insurance in an amount not less than \$1,000,000.

C. The stated limits of insurance required by this Paragraph are **minimum only**--they do not limit the Consultant's indemnity obligation, and it will be the Consultant's responsibility to determine what limits are adequate. These limits may be met by basic policy limits or any combination of basic limits and umbrella limits. Alliance Water's acceptance of certificates of insurance that do not comply with these requirements in any respect does not release the Consultant from compliance with these requirements.

10. Miscellaneous Provisions

A. This Agreement is governed by the law of the State of Texas. Exclusive venue for any dispute arising under this Agreement is in Hays County, Texas.

B. As to all acts or failures to act by either party to this Agreement, any applicable statute of limitations will commence to run and any alleged cause of action will be deemed to have accrued

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when the party commencing the cause of action knew or should have known of the existence of the subject act or failure to act.

C. In performing the services required under this Agreement, the Consultant will not discriminate against any person on the basis of race, color, religion, sex, national origin, age or disability.

D. All references in this Agreement to any particular gender are for convenience only and will be construed and interpreted to be of the appropriate gender. The term "will" is mandatory in this Agreement.

E. The provisions of this Agreement are deemed to be severable. If any provision in this Agreement is found to be invalid, this Agreement will be construed as not containing the provision, and all other provisions which are otherwise lawful will remain in full force and effect.

F. All services provided pursuant to this Agreement are for the exclusive use and benefit of Alliance Water.

G. Alliance Water is governed by the Texas Public Information Act, Chapter 552 of the Texas Government Code. This Agreement and all written information generated under this agreement may be subject to release under the Public Information Act. However, the Consultant will not make any reports, information, data, etc. generated under this Agreement available to any individual or organization without the written approval of Alliance Water.

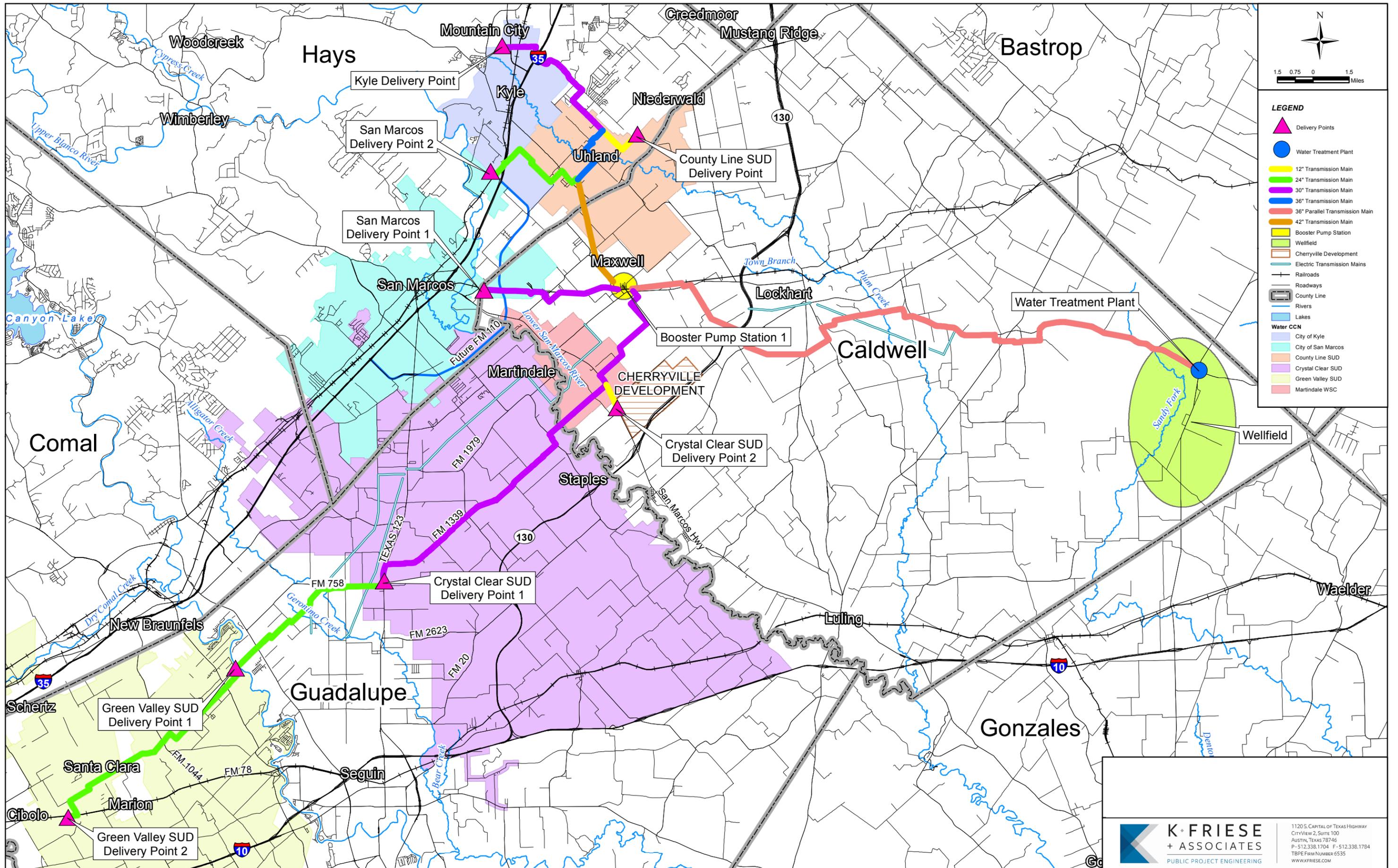
H. Alliance Water and the Consultant, respectively, bind themselves, their partners, successors, assigns and legal representatives to the other party to this Agreement and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of this Agreement. Alliance Water and the Consultant may not assign, sublet or transfer any interest in this Agreement without the written consent of the other.

I. This Agreement represents the entire and integrated agreement between Alliance Water and the Consultant, and it supersedes all prior negotiations, representations or agreements either written or oral. Changes in the Consultant's scope of services or compensation under this Agreement are subject to the written approval of Alliance Water in accordance with its policies. Otherwise, this Agreement may be amended only by written instrument approved by Alliance Water's governing body and signed by both Alliance Water and the Consultant.

J. Any exhibits and/or attachments attached to this Agreement are incorporated by reference into this Agreement as though included verbatim herein.

K. In the event of any conflict between these Terms and Conditions and the provisions of any exhibit or attachment to this Agreement, the provisions imposing greater responsibility on the Consultant will control.

Exhibit 1 - Phase 1B Infrastructure Map



LEGEND

- Delivery Points
- Water Treatment Plant
- 12" Transmission Main
- 24" Transmission Main
- 30" Transmission Main
- 36" Transmission Main
- 36" Parallel Transmission Main
- 42" Transmission Main
- Booster Pump Station
- Wellfield
- Cheryville Development
- Electric Transmission Mains
- Railroads
- Roadways
- County Line
- Rivers
- Lakes

Water CCN

- City of Kyle
- City of San Marcos
- County Line SUD
- Crystal Clear SUD
- Green Valley SUD
- Marindale WSC

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EXHIBIT 2 - PHASE 1B PROGRAM ORGANIZATION CHART

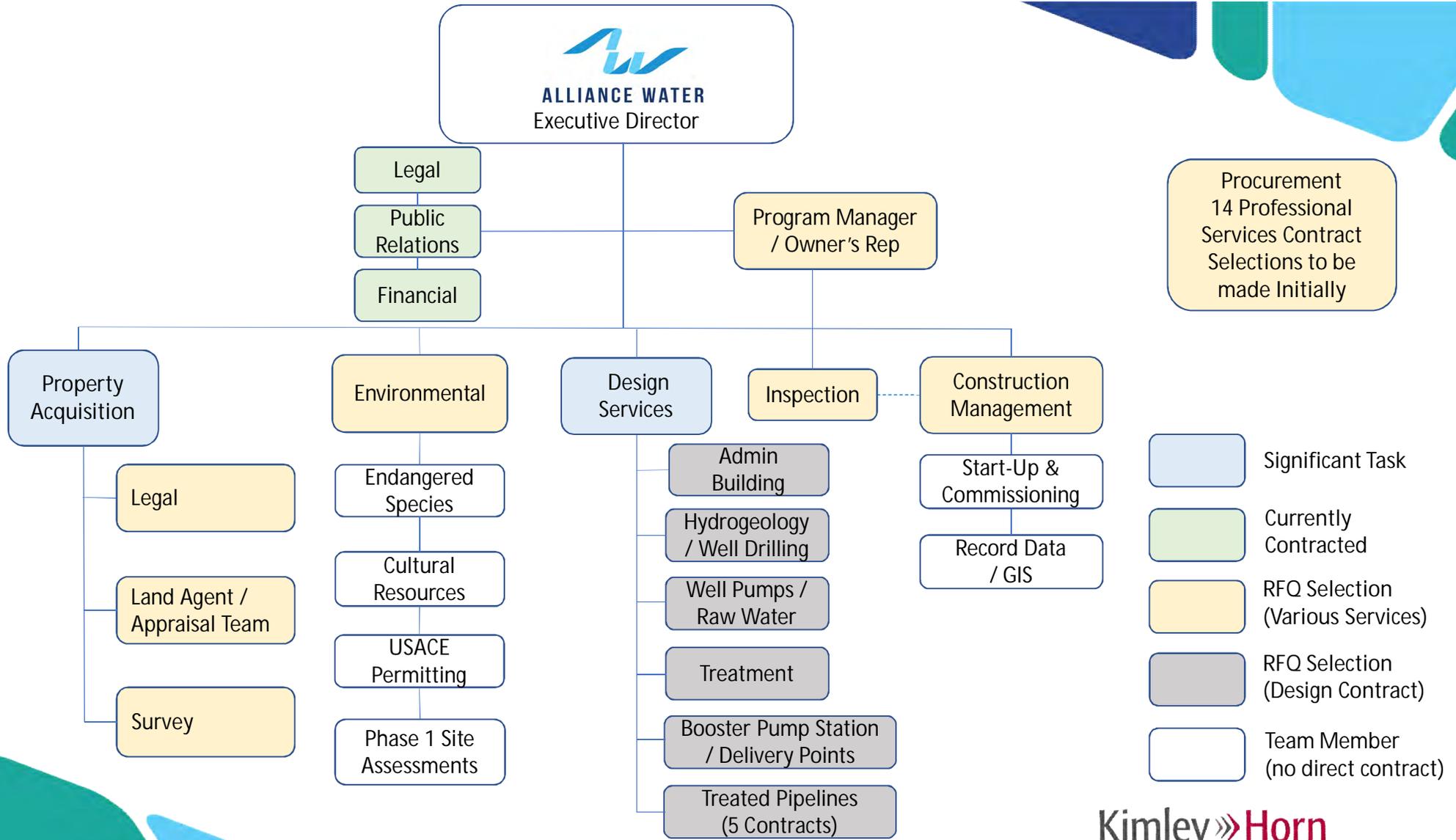


Exhibit 3 - Treated Pipeline Segmentation

