

**AUDIT & ACCOUNTABILITY COUNCIL COMMITTEE
MEETING MINUTES
OCTOBER 20, 2020 at 10:00 AM
VIDEOCONFERENCE**

Committee Present:	Councilmember John Courage, <i>District 9, Chair</i> Councilmember Ana Sandoval, <i>District 7</i> Councilmember Clayton Perry, <i>District 10</i> Citizen Member Judy Treviño Citizen Member Priscilla Soto
Staff Present:	Maria Villagómez, <i>Deputy City Manager</i> ; Colleen Bridger, <i>Assistant City Manager</i> ; Carlos Contreras, <i>Assistant City Manager</i> ; David McCary, <i>Assistant City Manager</i> ; Roderick Sanchez, <i>Assistant City Manager</i> ; Andy Segovia, <i>City Attorney</i> ; Ray Rodriguez, <i>Deputy City Attorney</i> ; Kevin Barthold, <i>City Auditor</i> ; Ben Gorzell, <i>Chief Financial Officer</i> ; Sandra Guerra, M.D., <i>Interim Deputy Director, Metro Health</i> ; Jesus Saenz, <i>Director, Aviation</i> ; Razi Hosseini, <i>Director, Public Works</i> ; Homer Garcia, <i>Director, Parks & Recreation</i> ; Melody Woosley, <i>Director, Department of Human Services</i> ; Patricia Muzquiz Cantor, <i>Director, Convention Sports and Entertainment Facilities</i> ; Verónica Soto, <i>Director, Neighborhood & Housing Services</i> ; Troy Elliott, <i>Deputy Chief Financial Officer</i> ; Alejandra Lopez, <i>Director, Economic Development</i> ; Mark Bigler, <i>Audit Manager</i> ; Norbert Dziuk, <i>Assistant Director of Finance</i> ; Nancy Cano, <i>Office of the City Clerk</i>
Others Present:	None

CALL TO ORDER

Chairman Courage called the meeting to order.

1. Approval of the Minutes from the Audit & Accountability Committee Meeting on September 15, 2020.

Councilmember Sandoval moved to approve the Minutes of the September 15, 2020 Audit and Accountability Council Committee Meeting. Councilmember Perry seconded the motion. The motion carried unanimously by those present.

Public Comment

None. Chairman Courage acknowledged receipt of an email comment on a topic unrelated to the Agenda that was forwarded to the Audit & Accountability Council Committee yesterday and two comments posted to the eComment system this morning on a topic unrelated to the Agenda.

CONSENT AGENDA

Pre-Solicitation High Profile Items

- 2. Adolescent Behavioral Health Counseling Services** [Colleen M. Bridger, MPH, PhD, Assistant City Manager; Sandra Guerra, MD, MPH, Interim Deputy Director, Health]

Post-Solicitation High Profile Items

- 3. On-Call Engineering and Landscape Architectural Services for Howard W. Peak Greenway Trails.** [Colleen M. Bridger, MPH, PhD, Assistant City Manager; Homer Garcia III, Director, Parks & Recreation]

Final Internal Audit Reports

- 4. AU20-032 Audit of Solid Waste Management Landfill Contract and Operations**
- 5. AU20-023 Audit of NHSD Midtown Tax Increment Reinvestment Zone (TIRZ)**

Councilmember Perry moved to approve Items 2-5. Citizen Member Treviño seconded the motion. The motion carried unanimously by those present.

ITEMS FOR INDIVIDUAL CONSIDERATION

- 6. Biannual High Profile Procurement Forecast** [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Troy Elliott stated that high profile contracts were defined as: 1) Discretionary Contracts valued at \$1 million or more; 2) Contracts with a high level of community interest or other exceptional interest; and 3) Contracts which were highly complex or technical in nature, or contract terms and conditions which were non-standard or complex. He noted that low bid procurements were excluded from the definition.

Mr. Elliott reported that projects were identified as either consent, individual or select. He explained that consent projects were projects classified as routine in nature with minimal policy impacts and a summary memorandum detailing pre- and post-solicitation information for all consent projects would be provided to the Audit & Accountability Committee. He stated that projects with more significant dollar values, policy issues and/or community interest would be listed as individual items and individual items required both a pre- and post-solicitation briefing to the Committee.

Mr. Elliott reported that 34 High Profile Contracts were identified with five recommended for B Session and 29 recommended for Audit and Accountability Council Committee (12 individual, 17 consent).

Mr. Elliott stated that a “Select” high profile procurement category would be established based on the following criteria:

- Financial impact (value over \$25 million)
- Contract term (over 10 years)
- Policy/public safety implications
- Community/stakeholder impact or interest
- Professional judgment
-

Mr. Elliott stated that a High Profile Forecast would be presented to City Council at B Session twice a year. He added that the pre-solicitation and post-solicitation briefings for select procurements would occur in B Session.

Mr. Elliott distributed the FY 2021 Biannual High Profile Report to include the department, solicitation issue date, detailed description, term of contract, estimated value, and the anticipated City Council consideration date of each solicitation. He reviewed the select high profile solicitations, the individual high profile solicitations, and the consent high profile solicitations for the first half of FY 2021 (October 2020-March 2021). He reviewed the high profile solicitations in progress and noted that this was the opportunity for the Committee to provide feedback and the Report would be presented to the full City Council at B Session on October 28, 2020.

Pre-Solicitation High Profile Briefings

7. Neighborhood Improvements Bond Program - S. San Pedro Affordable Housing Redevelopment Project [Lori Houston, Assistant City Manager; Verónica R. Soto, Director, Neighborhood and Housing Services Department]

Verónica Soto reported that the S. San Pedro Affordable Housing Redevelopment Project was a solicitation and a Request for Proposal (RFP) for a developer to construct an affordable 50-unit Workforce Housing development. She stated that the development was consistent with the voter-approved 2017-2022 Neighborhood Improvements Bond Program and in accordance with the City Council-approved Urban Renewal Plan and Chapter 374 of the Urban Renewal Statute. She noted that Urban Renewal Plan mandated that a minimum of half of the units must be affordable to families making 80% of the Area Median Income (AMI), but that NHSD would strongly incentivize through the scoring criteria that all units be affordable to families at or below 60% AMI. She reported that the \$2 million contract would be a new contract with a three-year term. She cited vendor, voting member, evaluation criteria, and solicitation requirements and noted that valuation needed to be completed in time for developers to consider the FY 2021 low-income housing tax credit. She stated that the due date would be November 12, 2020 with a City Council consideration date of February 4, 2021 and a contract start date of March 4, 2021.

Chairman Courage asked of the 60% AMI goal and the incentives to achieve it. Ms. Soto stated that under the Urban Renewal Plan, half of the units had to be affordable but NHSD had developed prior projects with deeper affordability by offering more points for more affordable units developed.

Councilmember Perry asked of the correct zoning for this project and what would happen if neighbors did not agree with rezoning. He voiced concern for placing a multi-storied residential unit in the middle of a commercial zone and noted that the tight timeframe may not be sufficient for bidders to prepare a quality proposal. Ms. Soto stated that the property had a current zoning of a combination of C-2 and C-3 and that

it would have to be rezoned once it was acquired to ensure that housing could be built. She reported that the Neighborhood Housing and Services Department (NHSD) conducted heavy outreach with nearby neighbors and neighborhood associations regarding improvements to the area and there was no opposition to multifamily affordable housing. She added that the NHSD would maintain lines of communication to the neighborhood to ensure their support. She stated that the RFP was a 30 day proposal and there was still adequate time to amend it and noted that the State dictated the terms for low income housing tax credits and it was necessary to select a developer timely with a competitive bid to secure a 9% tax credit opportunity and secure financing.

Councilmember Sandoval noted that a high density, affordable housing unit was located not too far from the property and asked when the zoning change would take place for the two parcels of land. She noted that the housing would be used for young residents aging out of foster care and asked if the property manager would have the authority to restrict units to serve a particular population. Ms. Soto stated that rezoning would have to be done before the property was acquired, the owners could be asked to speed up the time line, and the sale of the parcels could be made contingent upon the purchase price so that the City would not buy the property unless the owners resold it on behalf of the City. Ms. Soto confirmed that developers could select the populations they wanted. She noted that there would be three public hearing opportunities in the timeline before a final recommendation was forwarded to City Council for approval.

Chairman Courage noted that there were many contingencies in this project and expressed concern that there was not enough time to attract quality bids and good pricing. He stated that he was in support of the project moving forward and added that changes could be made when final recommendations were presented to the Committee.

8. Affordable Rental and Homeownership Housing Development Gap Funding [Lori Houston, Assistant City Manager; Verónica R. Soto, FAICP, Director, Neighborhood and Housing Services Department]

Verónica Soto reported that Home Investment Partnerships Program (HOME) funds were set aside for homeownership housing activities and provided gap funding for both new construction and rehabilitation of affordable homeownership housing units for low income households at or below 80% AMI. She stated that one solicitation was for \$1.25 million and was available for nonprofit or for profit developers that wished to develop affordable housing. She added that it was a new contract and terms would be based on development and restrictive covenants would be imposed. She noted that if additional funding was identified, it would be added to the \$1.25 million action plan. She cited vendor, voting member, evaluation criteria, and solicitation requirements. She stated that the RFP would be released on October 23, 2020, the due date would be December 11, 2020 with a City Council consideration date of February 11, 2021 and a contract start date would be negotiated upon award.

Ms. Soto stated that the second solicitation was for a \$1.25 million HOME gap financing used to develop rental housing through the acquisition of land, new rental housing construction, or rehabilitation of existing rental housing properties to create or maintain affordable rental housing units for low-income households at or below 80% AMI with a focus on units at or below 60% AMI. She noted that if additional funding was identified, it would be added to the \$1.25 million action plan because the need to develop affordable rental housing was great. She cited vendor, voting member, evaluation criteria, and solicitation requirements. She stated that the RFP would be released on October 23, 2020, the due date would be

December 11, 2020 with a City Council consideration date of February 11, 2021 and a contract start date would be negotiated upon award.

Chairman Courage asked how the money would be divided between both programs. Ms. Soto stated that the funding was already allocated at \$1.25 million for the homeownership component and \$1.25 million for the rental component and should additional funding become available, the department would make an assessment and present recommendations to a council committee for a final determination.

Councilmember Perry requested a deadline setting of 30 – 45 days to allow for proposal responses. Mr. Barthold confirmed that previous timelines of 30 days were now pushed back to 45 days based on prior feedback from the Committee. He stated that responses to questions were sent out as an addendum to the RFP as soon as answers were obtained by the NHSD.

9. Financial Advisor Services [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Troy Elliott reported that Item 9 was a pre-solicitation process for Financial Advisor Services to assist the City in the management of its various debt programs and the issuance of bonds, certificates, tax notes, and other financial instruments as may be required. He reported that the \$2.5 million contract would have a three year term with one, 2-year option to renew and the current contract would expire on March 31, 2021. He noted that audited financial statements would be required. He cited vendor, voting member, evaluation criteria, and solicitation requirements and noted that the RFP release date was October 26, 2020, the due date would be December 14, 2020 with a City Council consideration date of March 18, 2021 and a contract start date of April 3, 2021.

Councilmember Perry voiced concern that only five points were awarded for pricing and stated that more emphasis should be placed on the cost. Mr. Elliott stated that the City had solicitations in the past for 5 points for pricing and noted that it was typical for pricing to be equal between responses which were usually aligned without much deviation.

Chairman Courage concurred that five points seemed small and asked if another five points could be added and if five points could be deducted from the 45 points for the Proposed Plan. Mr. Elliott stated that the department would further review the suggestion and that points could be deducted from the 30 points for Experience, Background, Qualification criteria.

Post Solicitation High Profile Briefings

10. District 9 Senior Center [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works]

Razi Hosseini reported that Item 10 was a solicitation request for a 2017 Bond Project located at 840 W. Rhapsody Dr. He stated that the one-story facility was approximately 26,330 square feet situated on five acres that would be developed as a Senior Service Center with meeting rooms, classrooms, exercise, dance, game, dining facilities and a satellite Council District Office. He noted that parking for 260 vehicles would be developed which would include 38 ADA accessible spaces and 10 electric vehicle charging stations. He reported that the estimated value of the contract was \$9.45 million and the estimated

construction completion date was May 2022. He noted the significant difference in scores for Vendor 1: 4.85, and Vendor 2: 71.5.

Mr. Elliott reported that the City Auditor's Office and the Finance Department were required to conduct a due diligence review and results of minimum requirements review and report their findings to the Committee as follows:

Finance and Audit Departments – Due Diligence Results:

- Vendors notified: 2,435
- Vendors at pre-submittal conference: 28
- Responses received: 10

Minimum Requirements Review Results:

- Six vendors deemed non-responsive due to inability to meet requirements for Small Business Economic Development (SBEDA) subcontracting goals

Results of Due Diligence Review: No material findings

Mr. Elliott reported that one construction vendor deemed non-responsive requested an appeal for the City to reverse its decision. He stated that Public Works, the Finance Department, and the City Manager's Office reviewed the facts and affirmed the decision to deem the vendor non-responsive.

Councilmember Perry asked why Vendor C and D did not receive any SBEDA points which would have placed them higher in the selection ranking. He noted that 10 solicitation responses were received and 60% were deemed ineligible. He requested a meeting to review point differentials and requirements if over half of bids received were not deemed qualified. Alexandra Lopez stated that the SBEDA criteria was based on whether a business was certified as small, and then furthermore as a minority or woman-owned business. City Attorney Andy Segovia stated that SBEDA criteria was applied in accordance with an Ordinance approved by City Council and any changes to policy would require approval. Chairman Courage stated that he would welcome Councilmember Perry's research on metrics and SBEDA criteria with City Staff with a report back to the Committee on their findings.

Councilmember Sandoval moved to approve Item 10. Citizen Member Treviño seconded the motion. The motion carried unanimously.

11. Police Facility at St. Mary's Street [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works]

Razi Hosseini reported that Item 11 was a two-step solicitation process which consisted of a Request for Qualifications (RFQ) and a Request for Proposal (RFP). He stated that the solicitation was for a 2017 Bond Project located at 2020 N. St. Mary's St. He noted that the two-story facility was approximately 24,000 square feet that would be developed as a police station that would house SAPD patrol, SAFFE, Property Crimes, and the Crisis Response Team currently located at the Central Substation on Frio Street. He noted that a community room for neighborhood and SAPD would also be included in the facility and parking would be made available for the public. Mr. Hosseini reported that the contract had

an estimated value of \$10,550,000. He cited vendor, voting member, evaluation criteria, and solicitation requirements and noted that the estimated construction completion date was February 2023.

Mr. Hosseini reported due diligence review findings as follows:

Finance and Audit Departments – Due Diligence Results:

- Vendors notified: 2,435
- Vendors at pre-submittal conference: 55
- Responses received: 6

Minimum Requirements Review Results:

- One vendor deemed non-responsive due to inability to meet requirements for RFQ Exhibit C, Design-Build General Conditions

Results of Due Diligence Review: No issues or findings to report

Chairman Courage reported that the Committee reviewed the original evaluations for Vendor A and Vendor B as their scores were very close; thereafter, the Committee decided to hold interviews of both vendors to obtain further information and re-evaluate their proposals accordingly with the final outcome of Vendor B scoring higher.

Councilmember Sandoval requested more information regarding the price proposal. Mr. Hosseini reported that for design builds, qualification was the first step in the evaluation process; thereafter, interviews were held and finally, pricing was requested and assessed.

Citizen Member Treviño moved to approve Item 11. Councilmember Perry seconded the motion. The motion carried unanimously.

12. Airfield Improvements Package 7 [Carlos Contreras, Assistant City Manager; Jesus Saenz, Director, Aviation]

Jesus Saenz reported that Item 12 was an Request for Competitive Sealed Proposal (RFCSP) for Airfield Improvements Package 7 with an estimated value of \$18.5 million that consisted of a base bid of \$10.9 million and additive alternates of \$7.6 million. He stated that the entire project with the alternate had an expected construction completion date of 850 days. He reported that the project would consist of the removal of an in-ground taxiway bridge connecting to Runway 13L/31R; removal of underlying municipal solid waste and construction debris waste; reconstruction of Taxiway R at grade; and asphalt mill and overlay at Runway 13L/31R. He highlighted additive alternates. He added that Airfield Improvements, Package 7 would be the last funding package needed to complete the project. He cited vendor, advertising, voting member, evaluation criteria and solicitation requirements. He reported that Vendors A and B scored the highest and both bidders had experienced teams and schedules. He noted that when scores for pricing and disadvantaged business enterprise points were added, the two firms remained close and were selected for the interview process.

Mr. Saenz reported that on June 25, 2020, four vendor interviews were conducted using the same evaluation criteria. He highlighted that Vendor B rated highest in the final scoring with demonstrated,

strong experience with environmental considerations, experience with municipal solid waste remediation, strong safety and management plans, and strong experience with airfield packages.

Mr. Saenz reported that the Federal Aviation Administration (FAA) announced grant awards for FY 2020 which included funding for the base bid of \$10 million, but shifted funding for the alternatives for consideration for the FY 2021 AIP Grant Program; therefore, the alternate work would be rephrased to late FY 2022. He reported that the construction contract would be awarded to Vendor B for the base bid, an application for the FY 2021 AIP grant would be submitted in June 2021, and an amendment to the construction contract for additive alternates would be forwarded to City Council for consideration in the latter part of FY 2021.

Mr. Saenz reported due diligence review findings as follows:

Finance and Audit Departments – Due Diligence Results:

- Vendors notified: 130
- Vendors at pre-submittal conference: 9
- Responses received: 4

Minimum Requirements Review Results: No material findings

Results of Due Diligence Review: No material findings

Councilmember Perry asked if the base bid would be impacted if funding was not obtained for the alternatives. Mr. Saenz reported that the Federal Aviation Administration (FAA) would fund 75% of the total project and any additional funding received would be from the CARES Act and would complete the funding of the project. He noted that additives were contingent upon City Council approval and could only move forward once funding was obtained. He stated the Aviation Department would continue to monitor FAA actions and the AIP Grant funding status, and would keep the Committee informed.

Councilmember Sandoval moved to approve Item 12. Councilmember Perry seconded the motion. The motion carried unanimously.

Final Internal Audit Reports to be discussed

13. AU20-037 Audit of NHSD Risk Mitigation Fund and COVID-19 Emergency Housing Assistance Program

Ben Gorzell reported that the Risk Mitigation Fund (RMF) was created in October 2018 to mitigate, prevent, and provide immediate emergency assistance to residents stay housed in a moment of crisis, and avoid displacement. He stated that in response to the COVID-19 pandemic, the Emergency Housing Assistance Program (EHAP) was created using the remaining allocated funds from the RMF, as well as infusions of unused budget from various local funds, unused funds from existing federal CDBG (community development block grant) programs, and new federal funding via the CARES (Coronavirus Aid, Relief, & Economic Security) Act. He noted that the EHAP initially followed the same guidelines as the RMF, with an expanded list of types of assistance. He added that EHAP assisted residents with rent or mortgage payments, utility payments for water, electricity, and internet, and provided direct cash assistance. He stated that assistance was only for residents of the City with a household income at or

below 100% the area median income (AMI), as defined by the US Department of Housing and Urban Development (HUD).

Mr. Gorzell reported that the objective of the audits were to ensure that funds were processed in accordance with Federal Guidelines and City guidelines, policies, and procedures. He stated an evaluation of the RMF and EHAP programs determined that the Neighborhood Housing and Services Department (NHSD) had adequate controls in place to ensure funds were spent appropriately. He noted that the Finance Department recorded program expenditures appropriately in the City's accounting system (SAP) and assisted the NHSD in monitoring actual expenditures against its budget. He indicated that the NHSD's application system maintained the information necessary to update City Council and the public with accurate information on a real-time basis. He concluded that the Audit Department had no findings and therefore made no recommendations.

Citizen Member Treviño moved to approve Item 13. Councilmember Perry seconded the motion. The motion carried unanimously.

Adjourn

There being no further discussion, Chairman Courage adjourned the meeting at 12:10 pm.

John Courage, Chairman

Nancy Cano, Office of the City Clerk