
CITY OF SAN ANTONIO

OFFICE OF THE CITY AUDITOR



Audit of Transportation and Capital Improvements Department

Consolidated Rental Car Facility Construction Project

Project No. AU17-002

June 8, 2017

Kevin W. Barthold, CPA, CIA, CISA
City Auditor

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the Transportation and Capital Improvements (TCI) Department, specifically the Consolidated Rental Car Facility (ConRAC) construction project. The audit objective, conclusions, and recommendation follow:

Determine if oversight of the Consolidated Rental Car Facility construction project is adequate to include monitoring of contractors and funding.

Oversight of the ConRAC construction project was adequate to include monitoring of contractors and funding. The TCI Aviation Expansion Team had controls in place to ensure pay applications and change orders were adequately supported, approved and accurate. TCI had adequate controls in place to verify the project was in compliance with Small Business Economic Development Advocacy requirements. In addition, inspectors were preparing adequate inspection reports from their daily inspections. Finally, project materials were being tested and materials testing reports were adequate to verify results.

No findings were identified while conducting this audit. We make no recommendations to the TCI Department; consequently, no management responses are required. TCI's management acknowledgement of these results is in Appendix B on page 6.

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Background

As part of the Vision 2050 project, the Airport Master Plan recommended the San Antonio International Airport construct a Consolidated Rental Car Facility (ConRAC). On February 21, 2013, City Council approved a contract with TranSystems for the design of the ConRAC facility. In June of 2015, Turner Construction Company (Turner) was approved by City Council for a \$135.1 million Construction Manager-At-Risk contract.

In March of 2012, City Council approved an ordinance to enact a \$123.9 million Revenue Bond backed by a Customer Facility Charge (CFC) to help fund the project. The current CFC rate is \$5.00 per transaction day, charged by the rental car agencies. At inception, the project was scheduled to be substantially complete in September of 2017. However, in June of 2016 the City Council authorized the acceleration to substantially complete the ConRAC Project by July 2017, ahead of the Tri-Centennial and the Final Four hosted by San Antonio. Additionally, the scope of work was modified, increasing the contract guaranteed maximum price to \$141.3 million.

The ConRAC will feature rental car counters and ready/return services and will be connected to the terminals via pedestrian bridge and tunnel. The facility will house up to 14 rental car brands and the first two levels of the facility will house public parking. Three levels above will be for ready/return parking spaces and Quick Turnaround areas for light maintenance, fueling and washing of vehicles. The ConRAC will also eliminate the need for rental car shuttles, therefore reducing curbside congestion and air emissions.

Turner has overall responsibility and provides pre-construction and construction services in accordance with the contract. Pre-construction services included providing evaluations and recommendations, working with the design firm, providing design document reviews, and providing cost estimates. Construction phase responsibilities include coordinating all sub-contractors, quality control, project safety and completing project in accordance to contract schedule.

The TCI Aviation Expansion Team is the primary project manager. They are responsible for monitoring the project schedule, project activities, expenditures, and project timeline.

Audit Scope and Methodology

The audit scope covered the Construction Manager at Risk Contract between Turner Construction Company (Turner) and the City of San Antonio that was signed in May 2013. We reviewed contract monitoring efforts from June 2015 through February 2017.

We interviewed staff from the TCI Aviation Expansion Team (Team) to obtain an understanding of their specific responsibilities related to the ConRAC project. Additionally, we interviewed inspectors from Foster CM Group and CEC/Straightline Management to gain an understanding of their procedures and responsibilities related to conducting project inspections and overseeing materials testing.

We tested 9 out of 17 monthly pay applications and randomly selected 25 change orders that were submitted by Turner from October 2015 through December 2016. The testing included verifying pay applications were submitted timely, approved and properly supported with detailed invoices. We also verified the pay application amounts were calculated accurately and agreed with the payment amount in SAP. In addition, we reviewed change orders to verify they were properly supported and approved.

We confirmed the Team was working with the Economic Development Department to ensure Turner was in compliance with Small Business Economic Development Advocacy (SBEDA) requirements. We obtained the Utilization Plan submitted for the project to determine that it was being monitored to ensure Turner was meeting their SBEDA requirements. In addition, we confirmed companies used to meet SBEDA requirements were properly certified and eligible.

We reviewed the Team's contract monitoring processes to determine if proper contract inspections and materials testing were performed. We haphazardly selected 25 dates throughout the project timeline and confirmed inspection reports were completed timely. In addition, we reviewed 25 materials testing reports to confirm materials used on the project were being tested in accordance to the contract.

Finally, we confirmed the General Liability Insurance and the Performance and Payment bonds were in compliance with contract requirements.

Testing criteria included the contract between Turner and City of San Antonio, SBEDA City policies, and Administrative Directive 8.9 Financial Management of Capital Projects.

We relied on computer-processed data in SAP and PrimeLink¹. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. Our direct testing included comparing PrimeLink invoice amounts to actual payment amounts in SAP. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹ Project Reporting Information Management Exchange Link is a project management tool

Audit Results and Recommendations

A. ConRAC Construction Project Expenditures

The TCI Aviation Expansion Team (Team) had adequate controls in place to ensure pay applications and change orders were adequately supported, approved and accurately agreed to SAP payment amounts. We reviewed 9 out of 17 pay applications from October 2015 through December 2016, valued at approximately \$36.3M, and determined they were adequately supported with invoices, approved and payments were accurately recorded in SAP. In addition, we reviewed 25 contract change requests and determined they were adequately supported, approved and funds were properly transferred from the contingency fund to account for contract change requests. Finally, we reviewed three external contract change requests that increased the project value by approximately \$36.3M and determined they were adequately supported and approved by City Council.

Recommendations

No Recommendation.

B. ConRAC Project Monitoring

The Team adequately monitored the ConRAC project. They ensured the inspectors were preparing adequate inspection reports for their daily inspections. In addition, they adequately reviewed materials testing reports and verified testing results were satisfactory.

Finally, the Team has adequate controls in place to verify the project was in compliance with Small Business Economic Development Advocacy (SBEDA) contract requirements. We tested 22 subcontractors from the utilization plan and determined they were properly certified and SBEDA eligible.

Recommendations

No Recommendation.

Appendix A – Staff Acknowledgement

Buddy Vargas, CIA, CFE, Audit Manager
Danny Zuniga, CPA, CIA, Auditor in Charge
Nastasha Leach, Auditor

Appendix B – Management Acknowledgment



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

May 15, 2017

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management's Acknowledgement of its Review of Rental Car (ConRAC) Facility Construction Audit

Transportation & Capital Improvements (TCI) and Aviation have reviewed the audit report and provided its comments to the auditors. As there are no recommendations for management, no management responses are required.

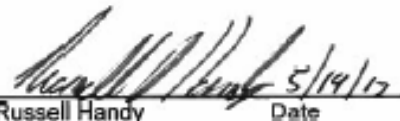
TCI and Aviation Departments:

☒ Fully Agree

☐ Does Not Agree (provide detailed comments)

Sincerely,


Mike Elsie, P.E. Date 5-17-17
Director
Transportation & Capital Improvements


Russell Handy Date 5/14/17
Director
Aviation


Peter Zanoni Date 5-23-17
Deputy City Manager
City Manager's Office


Carlos Contreras Date 5/23/17
Assistant City Manager
City Manager's Office