

**AUDIT & ACCOUNTABILITY COUNCIL COMMITTEE
MEETING MINUTES
JUNE 19, 2018 at 9:30 AM
CITY HALL, MEDIA BRIEFING ROOM**

Committee Present:	Councilmember John Courage, <i>District 9, Chair</i> Councilmember Roberto C. Treviño, <i>District 1</i> Councilmember Clayton Perry, <i>District 10</i> Citizen Member Priscilla Soto Citizen Member Judy Treviño
Staff Present:	Sheryl Sculley, <i>City Manager</i> ; Kevin Barthold, <i>City Auditor</i> ; Andy Segovia, <i>City Attorney</i> ; Leticia Vacek, <i>City Clerk</i> ; Erik Walsh, <i>Deputy City Manager</i> ; Ben Gorzell, Jr., <i>Chief Financial Officer</i> ; Troy Elliott, <i>Deputy Chief Financial Officer & Director of Finance</i> ; Carlos Contreras, <i>Assistant City Manager</i> ; William McManus, <i>Chief of Police</i> ; Russ Handy, <i>Director of Aviation</i> ; Xavier Urrutia, <i>Director of Parks & Recreation</i> ; Carl Wedige, <i>Deputy Fire Chief</i> ; Leticia Saenz, <i>Deputy City Clerk</i> ; Michael Sindon, <i>Assistant Director of Economic Development</i> ; Christie Chapman, <i>Assistant Director of TCI</i> ; Razi Hosseini, <i>Assistant Director of TCI</i> ; Homer Garcia, <i>Assistant Director of Parks & Recreation</i> ; Steve Whitworth, <i>Assistant City Attorney</i> ; Laura Cedillo, <i>Assistant City Attorney</i> ; Mark Triesch, <i>Assistant City Attorney</i> ; Jim Kopp, <i>Assistant City Attorney</i> ; Melinda Uriegas, <i>Assistant City Clerk</i> ; Nat Norton, <i>City Archivist</i> ; Tina Flores, <i>Compliance Auditor</i> ; Gabe Treviño, <i>Audit Manager</i> ; Rebecca Moulder, <i>Auditor</i> ; Amy Barnes, <i>Auditor</i> ; Holly Williams, <i>Auditor</i> ; Lauron Fischer, <i>Executive Management Assistant</i>

CALL TO ORDER

Chairman Courage called the meeting to order. Items 1 and 2 were addressed jointly.

- 1. Approval of the Minutes from the Audit & Accountability Committee Meeting on May 15, 2018**
- 2. Approval of the Minutes from the Audit & Accountability Committee Meeting on May 24, 2018**

Councilmember Treviño moved to accept the minutes of the May 15, 2018 and May 24, 2018 Audit and Accountability Council Committee meetings. Councilmember Perry seconded the motion. The motion carried unanimously.

CONSENT AGENDA

Pre-Solicitation High Profile Items

- 3. Portable Chemical Toilets [Parks & Recreation]**
- 4. Mowing Services for Parks [Parks & Recreation]**
- 5. Fire Detection & Suppression Systems and Equipment Services [Aviation]**

Citizen Member Treviño moved to accept Items 3 through 5. Councilmember Treviño seconded the motion. The motion carried unanimously.

Post-Solicitation High Profile Items

- 6. On-Call Environmental Consulting Services for San Antonio Airport System [Aviation]**

Citizen Member Treviño moved to accept Item 6. Citizen Member Soto seconded the motion. The motion carried unanimously.

ITEMS FOR INDIVIDUAL CONSIDERATION

Select Pre-Solicitation High Profile Briefings

- 7. Airport Terminal A Duty Free Retail Concession [Aviation]**

Russ Handy stated that said item had been heard previously but staff reissued the call for bids due to vendor disqualification based on campaign contributions and insufficient vendor experience. He noted that the current contract was the last concession in Terminal A operating on a month-to-month basis. He stated that the contract totaled \$500,000 annually over ten years for a total of at least \$5 million depending on revenue generated. He noted that the primary function of the concession was to offer duty free merchandise to international travelers. He reviewed the solicitation requirements which included 20 points for Airport Concessions Disadvantaged Business Enterprises (ACDBE). He provided an overview of outreach efforts and the Evaluation Committee. He stated that the Request for Proposals (RFP) was planned for release on July 23, 2018 with full City Council consideration and a contract start date in December 2018.

Chairman Courage asked if the firm disqualified for campaign contributions was eligible to respond to the new RFP. Mr. Handy replied that they were.

Citizen Member Treviño asked if outreach efforts would be modified to generate more responses. Mr. Handy replied that greater outreach would be performed for the RFP under consideration.

Chairman Courage asked if duty free sales growth was anticipated. Mr. Handy replied that they anticipated growth and expected the new vendor to make enhancements over the current concession. He noted that the Aviation Department was expanding their advertising efforts and promotions to generate sales.

No action was required for Item 7.

8. EMS Billing and Collection Services [Fire Department]

Carl Wedge stated that the Fire Department's billing and collection services for Emergency Medical Services (EMS) were historically outsourced. He noted that the department planned to issue an RFP for a contract value totaling \$2.3 million in expenditures and \$25 million in revenue. He stated that the current contract would expire September 30, 2018 and staff would propose a six-month extension for City Council approval in August. He noted that the proposed term for the new contract would be a five-year term with two, 1-year renewal options. He stated that 103,000 of 156,000 medical incidents in 2016 resulted in treatment and billable fees to patients. He noted that the City had participating provider status with Medicare and Medicaid and the contract required the vendor to maintain a centrally located office in San Antonio.

Deputy Chief Wedge stated that the selected firm would be responsible for billing Medicare, Medicaid, private insurance, and patients to guarantee a minimum collection rate of 56% for any given month after 12 months of collection efforts. He provided an overview of the solicitation requirements and noted 10 points for Local Preference and five points for Veteran-Owned Small Businesses (VOSB). He stated that there was a Small Business Economic Development Advocacy (SBEDA) subcontracting requirement of 13% Minority/Women-Owned Business Enterprises (M/WBE) and audited financial statements would be required. He reviewed the Goal Setting Committee, outreach efforts, and Evaluation Committee. He stated that staff intended to release the RFP in June 2018 with responses due July 30th and full City Council consideration in December 2018 for an April 1, 2019 contract start date.

Chairman Courage asked of the blackout period. Kevin Barthold replied that it would begin 10 days after the release of the RFP and conclude 30 days after City Council's approval of the final contract.

Councilmember Perry asked if the department considered performing the proposed services internally. Deputy Chief Wedge replied that San Antonio had better collection rates than other municipalities and the internal manpower required to maintain such rates was prohibitively expensive. Councilmember Perry asked of uncollected fee balances. Deputy Chief Wedge replied that factors such as the uninsured being unable to pay for services and restrictions on Medicaid reimbursements contributed to uncollected fees. Troy Elliott added that \$5-6 million was deemed uncollectable and \$2 million was deferred annually. Councilmember Perry asked of practices in Dallas and Austin. Deputy Chief Wedge replied that Dallas utilized contractors and Austin performed billing and collections in house. Councilmember Perry expressed concern that there was not sufficient time for contractors to prepare bids following the deadline for questions. Erik

Walsh stated that staff could adjust the timeline based on pre-submittal conference feedback.

No action was required for Item 8.

Select Post-Solicitation High Profile Briefings

9. Hardberger Park Land Bridge [Transportation & Capital Improvements]

Christie Chapman stated that the Hardberger Park Land Bridge was a voter-approved 2017-2022 Bond Project. She noted that the Hardberger Park Conservancy funded and oversaw the design of the bridge and provided the design to the City. She stated that TCI issued a Request for Competitive Sealed Proposals (RFCSP) for a contract value of \$19 million and estimated completion in April 2020. She noted that the bridge was designed in accordance with the Hardberger Park Master Plan and would span Wurzbach Parkway to connect Hardberger Park East and Hardberger Park West. She stated that the bridge would feature vegetation, ADA compliant walking trails, a detention pond for irrigation, Low Impact Development (LID) features, and illumination under the bridge. She reviewed the project timeline with the RFCSP due April 18, 2018 and full City Council consideration in August 2018. She provided an overview of the solicitation requirements including five points for Small Business Enterprises (SBEs), five points for M/WBE, and SBEDA subcontracting requirements of 25% SBE, 20% M/WBE, and 2% African-American Business Enterprises (AABEs). She reviewed the Evaluation Committee, the Score Matrices, and outreach efforts. She noted that six firms submitted bids and there were no findings as a result of due diligence.

Chairman Courage asked if the \$19 million contract value included necessary extension work on both sides of the bridge. Razi Hosseini replied that it did. Chairman Courage asked of the cost to design the bridge. Mr. Hosseini replied that it totaled \$2.8 million and came from the \$10 million that the Conservancy had agreed to raise for the project.

Citizen Member Treviño asked why financial statement reviews were not applicable to the evaluation process. Ms. Chapman replied that the review was typically not done during the bidding process but vendors provided a bid bond to demonstrate financial security.

Councilmember Perry asked of the two-step scoring process. Ms. Chapman replied that the unique nature of the project led to the Evaluation Committee's decision to conduct interviews with the top three firms following their scoring of written submissions and perform a second round of scoring to select the winning firm. Councilmember Perry asked if the top three firms from the first round of scoring were ranked in the same order in the second round. Peter Zanoni replied that they were not.

Chairman Courage asked how the interview round changed the rankings. Ms. Chapman replied that the interview process allowed more in-depth questioning. Mr. Zanoni added that part of the interview was to evaluate the firms' ideas to bring their project proposals within the budget and their responses affected the scoring.

Citizen Member Treviño asked why suggestions for reducing the budget did not affect the interview scores for price proposal. Ms. Chapman replied that the scores remained tied to the pricing submitted in each firm's Statement of Qualifications but the RFCSP allowed for future price negotiations through value engineering rather than adherence to the prices as submitted.

Councilmember Perry expressed concern that interviews were not utilized widely enough in contracting processes throughout the City. City Manager Sculley stated that interviews were not permitted except for contracts with alternative delivery methods and the City was limited by statute as to how many of these contracts they could have at one time. Councilmember Perry suggested pursuing greater local flexibility for alternative delivery contracts. Mrs. Sculley stated that it would be added to the list of considerations for the Legislative Agenda.

Citizen Member Treviño moved to forward Item 9 to the full City Council for consideration. Councilmember Perry seconded the motion. The motion carried unanimously.

Final Audit Reports to Be Discussed

10. AU17-022 Audit of San Antonio Police Department Park Police Operations

Gabe Treviño stated that the objective of the audit was to determine if Park Police operations were managed effectively and efficiently to meet core mission objectives including deployment plans, equipment tracking, and compliance with training requirements. He noted that Park Police Officers were licensed peace officers who provided law enforcement and security for 18,000 acres of park lands across 200 City-owned parks. He stated that there were currently 177 authorized positions with Fiscal Year 2017 expenditures totaling \$14.2 million. He noted that the audit scope examined deployment processes, equipment tracking, maintenance of vehicles and equipment, and fiscal processes for FY17. He stated that the audit determined controls were working to ensure appropriate officer deployment and equipment tracking. He noted areas for improvement in updating standard operating procedures (SOPs), tracking and completion of training, consistency in inspections, timely completion of reports, use of the appropriate Release of Liability form for the Civilian Observer Program, and timely maintenance of user access for separated personnel.

Chairman Courage asked of the Civilian Observer Program. Chief William McManus replied that the Internal Affairs Sergeant was placed in charge of scheduling and maintenance of appropriate release forms to address the audit finding.

Citizen Member Soto asked if the SOPs were being followed. Chief McManus replied that they were followed but had not been updated in department documents for five years and were being reviewed. Citizen Member Soto asked of the content of SOP updates. Mr. Barthold replied that they asked that departments maintain current SOPs that matched their daily procedures.

Citizen Member Soto moved to accept the audit. Councilmember Treviño seconded the motion. The motion carried unanimously.

11. AU17-020 Audit of San Antonio Police Department Detention Center

Mr. Barthold stated that the objective of the audit was to determine if Detention Center operations were effective, efficient, and in compliance with existing procedures, contracts, interlocal agreement, and regulations. He noted that the Detention Center processed 65,000 arrested persons in FY17. He stated that the City had agreements with Bexar County and University Health System (UHS) for cost-sharing measures. He noted that the scope of the audit was for FY17 to test procedures at the facility. He stated that the audit found that Detention Center operations were not in compliance with existing policies and procedures in terms of length of custody, frequency of cell checks, medical evaluation practices, use of force documentation, and user access to IT systems. He recommended increased staff training for crisis intervention and use of force, as well as better functionality of IT systems utilized to support efficient processing and reporting of activities.

Chief McManus stated that the center was transferred from the Municipal Court to SAPD in October 2016 and staff had requested the audit. He noted that his greatest concern was excessive custody times due to Bexar County operations and requirements and stated that SAPD staff was not able to process detainees efficiently as a result. He expressed concern that SAPD would be unable to maintain decreasing crime rates if Bexar County prohibited timely transfers to their jails.

Chairman Courage asked of efforts to alleviate the challenges presented by Bexar County processes. Mr. Walsh replied that Bexar County was building a new magistration building that would allow the City's Detention Center to be converted to an administrative processing facility and expedite transfers. He noted that City Council would have the opportunity to approve an agreement with UHS for medical screenings at the processing facility and eliminate that step from Bexar County's procedures. Mrs. Sculley added that the way Bexar County was constructing their facility made it inefficient for City Officers to process arrestees at that location. Chairman Courage asked how in-house magistration would improve Bexar County's acceptance times. Chief McManus replied that State Law required prisoners to be remanded to the Sheriff following magistration. He added that crisis intervention would now be required for all staff, the City would coordinate with the Sheriff to update their IT system, and a quarterly review would be conducted for user access. Chairman Courage asked of the features of a new IT system. Chief McManus replied that Bexar County was already working on a new system and SAPD would request access to streamline processes between the two.

Councilmember Treviño moved to accept the audit. Citizen Member Treviño seconded the motion. The motion carried unanimously.

12. AU17-F02 Follow-Up Audit of Aviation Parking Revenues

Mr. Barthold stated that the objective of the audit was to determine if the Aviation Department successfully implemented action plans to address prior audit recommendations from the 2015 audit of parking revenues. He noted that the recommendation regarding accounting was implemented and the department was able to receive a credit of \$466,000 from overpaid sales tax. He stated that the recommendations regarding monitoring of proximity cards and validation tickets were not fully implemented and standard procedures were not followed. He noted that user access was not being reviewed as recommended.

Chairman Courage asked of the implementation of improvements. Mr. Handy replied that staff worked with auditors to develop short-term and long-term solutions for reconciliations, role segregation, documentation, and processes. He noted that the airport utilized two systems to oversee parking and staff was working with a contractor to reconcile and integrate the systems. He stated that staff was considering outsourcing parking operations in the future and would issue RFPs for same. Chairman Courage asked of the revenue generated from airport parking. Mr. Handy replied that it totaled \$22 million annually accounting for 20% of overall revenues.

Citizen Member Treviño asked if sales tax adjustments were made since the original audit. Mr. Barthold replied that no adjustments were needed.

Citizen Member Soto moved to approve the audit. Citizen Member Treviño seconded the motion. The motion carried unanimously.

Councilmember Treviño excused himself from the meeting at this time.

13. AU17-005 Audit of Office of the City Clerk Record Retention and Archives

Gabe Treviño stated that the objective of the audit was to determine if the City's record retention and archives processes were adequate and in accordance with regulations and internal policies. He noted that the Office of the City Clerk was responsible for the management, retention, and destruction of records as well as the management and preservation of historic documents. He stated that the City Clerk implemented manual processes to ensure compliance with record retention guidelines and controls were effective to ensure records were appropriately reviewed and authorized for destruction. He noted potential improvements in documentation of Records Liaison Officers (RLOs), the Disaster Recovery Plan, warehouse inspections, training, and systems and equipment. He stated that the City Clerk agreed with the audit recommendations and implemented corrective actions.

City Clerk Leticia Vacek stated that the Disaster Recovery Plan was fully updated and warehouse reports were centralized in a manual log. She noted that it was challenging to keep the RLO list current due to high department turnover and staff would coordinate with Human Resources to ensure timely maintenance. She stated that the barcode system was outdated and she was working with ITSD to develop a Statement of Work for a

replacement barcode system and space management system. She noted that this was the first audit of the Records Management Program and thanked the auditors for their work.

Chairman Courage asked of the types of records stored in the Archives. Mrs. Vacek replied that there were a number of records ranging from permanent, historical records from the 18th century to active records from City Departments who no longer had room to store them until they met retention. Chairman Courage asked of the retention schedules. Mrs. Vacek replied that most records required retention for a minimum of two years.

Councilmember Perry asked of funding for a new barcode system. Mrs. Vacek replied that it would be covered within ITSD's budget. Councilmember Perry asked of available storage space in the Archives. Mrs. Vacek replied that space was increasingly limited but a storage management system would assist with destroying records past their retention and creating additional storage space. She added that a second storage facility may be needed and could be considered in the next Bond Program. Ben Gorzell stated that staff encouraged departments to go paperless when possible to reduce necessary storage space. Mrs. Vacek noted that staff was providing records training to departments prior to the City Hall Renovation and relocation to the Frost Bank Building.

Chairman Courage asked of a follow-up audit. Mr. Barthold replied that it would be based on the timeline for implementation of a new barcode system.

Councilmember Perry asked of items in storage that could be put on public display. Mrs. Vacek replied that many records had been digitized for online viewing and recommended that existing display cases be moved to the first floor of the Frost Building once completed.

Citizen Member Soto asked of the retention guidelines for departments. Mrs. Vacek replied that the City utilized Texas State Library and Archives Commission (TSLAC) guidelines.

Citizen Member Soto moved to approve the audit. Citizen Member Treviño seconded the motion. The motion carried unanimously by those present.

ADJOURN

There being no further discussion, Chairman Courage adjourned the meeting at 11:15 am.

ATTEST:

John Courage, Chairman

Leticia Y. Saenz
Deputy City Clerk