

**AUDIT & ACCOUNTABILITY COUNCIL COMMITTEE
MEETING MINUTES
OCTOBER 16, 2018 at 9:30 AM
MUNICIPAL PLAZA, B 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
Committee Absent:	Citizen Member Judy Treviño
Staff Present:	Kevin Barthold, <i>City Auditor</i> ; Andy Segovia, <i>City Attorney</i> ; Ben Gorzell, Jr., <i>Chief Financial Officer</i> ; Erik Walsh, <i>Deputy City Manager</i> ; Peter Zaroni, <i>Deputy City Manager</i> ; Carlos Contreras, <i>Assistant City Manager</i> ; María Villagómez, <i>Assistant City Manager</i> ; Troy Elliott, <i>Deputy Chief Financial Officer & Director of Finance</i> ; Verónica Soto, <i>Director of Neighborhood & Housing Services</i> ; Mike Frisbie, <i>Director of Transportation & Capital Improvements</i> ; Russ Handy, <i>Director of Aviation</i> ; Xavier Urrutia, <i>Director of Parks & Recreation</i> ; William McManus, <i>Police Chief</i> ; Ray Rodriguez, <i>Deputy City Attorney</i> ; Leticia Saenz, <i>Deputy City Clerk</i> ; Carl Wedige, <i>Deputy Fire Chief</i> ; Kevin Goodwin, <i>Deputy Director of Information & Technology Services</i> ; Christie Chapman, <i>Assistant Director of Transportation & Capital Improvements</i> ; Michael Sindon, <i>Assistant Director of Economic Development</i> ; Jessica Dovalina, <i>Assistant Director of Human Services</i> ; Edward Gonzales, <i>Assistant Director of Human Services</i> ; Homer Garcia III, <i>Assistant Director of Parks & Recreation</i> ; Steve Whitworth, <i>Assistant City Attorney</i> ; Stephanie Brosig, <i>Assistant City Attorney</i> ; Jameene Williams, <i>Assistant City Attorney</i> ; Laura Cedillo, <i>Assistant City Attorney</i> ; Mark Triesch, <i>Assistant City Attorney</i> ; Katinka Howell, <i>Assistant City Attorney</i> ; Shreya Shah, <i>Assistant City Attorney</i> ; Scott Zimmerer, <i>Assistant City Attorney</i> ; Mark Bigler, <i>Audit Manager</i> ; Gabe Treviño, <i>Audit Manager</i> ; Tina Flores, <i>Compliance Auditor</i> ; Holly Williams, <i>IT Auditor</i> ; Douglas Francis, <i>Auditor</i> ; Lorenzo Garza, <i>Auditor</i> ; Danny Zuñiga, <i>Auditor</i> ; Lauron Fischer, <i>Executive Management Assistant</i> ; Cecily Hope Pretty, <i>Office of the City Clerk</i>

CALL TO ORDER

Chairman Courage called the meeting to order.

1. Approval of the Minutes from the Audit & Accountability Committee Meeting on September 18, 2018

Councilmember Perry moved to approve the minutes of the September 18, 2018 Audit and Accountability Council Committee meeting. Citizen Member Soto seconded the motion. The motion carried unanimously by those present.

CONSENT AGENDA

Chairman Courage stated that staff would present a correction for Item 6. He noted that Item 12 was pulled from consideration by staff and would not be addressed.

Christie Chapman stated that the posted memorandum reflected incorrect subcontracting goals. She noted that Minority/Women-Owned Business Enterprise (M/WBE) goals were 18% rather than 29%; and African-American Business Enterprise (AABE) goals were 1% rather than 4%. She stated that changes were made based on recommendations from the Goal Setting Committee due to clearance requirements and Transportation Security Administration vendor restrictions.

Chairman Courage stated that Item 6 would remain on the Consent Agenda.

Final Internal Audit Reports

- 2. AU18-F03 Follow-Up Audit of Finance Utility Reporting Requirements**
- 3. AU18-001 Audit of Aviation Fleet Operations**
- 4. AU18-017 Audit of SAFD Medical Supplies and Controlled Substances Inventory Management**
- 5. AU18-014 Audit of Parks & Recreation Department Playgrounds and Exercise Equipment Maintenance.**

Pre-Solicitation High Profile Items

- 6. Terminal A Checkpoint Expansion at San Antonio International Airport [Aviation]**

Post-Solicitation High Profile Items

- 7. On-Call Outside Environmental Remediation Services [Aviation]**
- 8. Contract for Mowing Services [Parks & Recreation]**
- 9. Contract for Portable Chemical Toilets [Parks & Recreation]**
- 10. Parking Space Indicator System in the Long Term Parking Garage at San Antonio International Airport [Aviation]**

Citizen Member Soto moved to accept Items 2 through 10. Councilmember Perry seconded the motion. The motion carried unanimously by those present.

ITEMS FOR INDIVIDUAL CONSIDERATION

11. FY 2019 Annual Audit Plan Status Update

City Auditor Kevin Barthold provided an overview of the Fiscal Year 2019 Audit Plan. He noted that the FY 2018 goal was 35 reports and staff had issued 36. He stated that some FY 2018 audits were still in progress but would be concluded by January 2019. He noted that the plan included regular, contract, and follow-Up audits.

Chairman Courage asked how many audits were planned for FY 2019. Mr. Barthold replied that staff planned to issue 30 regular, 6 contract, and 6 follow-up audits in addition to an attestation of asset forfeiture and seizures as required by the state. He stated that staff would provide quarterly updates to the plan unless instructed otherwise.

Councilmember Perry asked of additional compliance-related positions approved in the FY 2019 Budget. Troy Elliott replied that they would perform risk assessments for City contracts and ensure that compliance action plans were in place. Councilmember Perry asked if negative findings would trigger an audit. Mr. Elliott replied that staff would coordinate with the City Auditor's Office if deemed necessary.

Chairman Courage asked of formalizing a process to include the City Auditor's Office and the Committee. Mr. Barthold replied that summary briefings monthly or quarterly would be appropriate. He added that his office examined larger trends in compliance and would coordinate with at-risk departments for corrective actions or formal audits as necessary. Chairman Courage requested a briefing in early 2019 to provide more details on the process.

No action was required for Item 11.

Select Pre-Solicitation High Profile Briefings

12. Engineering Design Services for Broadway Street (IH-35 to E. Mulberry Avenue) [Transportation & Capital Improvements]

Item 12 was pulled from the agenda by staff.

13. Design-Build Services for Park Police Headquarters & SAPD Services Facility [Transportation & Capital Improvements]

Ms. Chapman stated that the facility was part of the 2017-2022 Bond Program. She noted that it would be 36,000 square feet and house the Park Police Headquarters and other Police Department functions. She stated that the solicitation was for a design-build contract in two phases with a Request for Qualifications (RFQ) followed by a Request for Proposals (RFP).

Councilmember Treviño entered at this time.

Ms. Chapman stated that facility completion was estimated in December 2021. She provided an overview of solicitation criteria and noted that vendors were required to participate in the Small Business Mentor Program. She reviewed the timeline with the RFQ due December 12, 2018; RFP due January 18, 2019; and City Council consideration in May 2019.

Chairman Courage asked how staff would be divided at the facility. Deputy City Manager Erik Walsh replied that two thirds would be Park Police and the remainder would be standard Police Officers. Chairman Courage asked of the facility's placement. Mr. Walsh replied that 20 sites were proposed for consideration and the list would be narrowed in the coming weeks.

Councilmember Treviño moved to accept Item 13. Councilmember Perry seconded the motion. The motion carried unanimously by those present.

Select Post-Solicitation High Profile Briefings

14. FY 2019 – FY 2020 Human and Workforce Development Services Consolidated Funding II [Human Services]

Jessica Dovalina stated that the solicitation was the second of two and would maximize the ability of the Department of Human Services and the Economic Development Department's ability to improve quality of life for San Antonio residents. She noted that the contract was valued at \$775,000 annually with a one-year term and one-year renewal option. She stated that the scope of the solicitation was aligned with long-term departmental outcomes and specifically sought services related to children and youth; seniors; and the workforce. She reviewed the solicitation requirements and noted that Small Business Economic Development Advocacy (SBEDA) Program requirements were waived due to targeting non-profit organizations. She reviewed the evaluation phase and timeline. She noted that 35 proposals were submitted and staff would recommend contracts with eight agencies to the full City Council in November 2018 for a contract start date in December 2018.

Mr. Elliott stated that over 1,000 vendors were notified of the solicitation and there were no findings resulting from due diligence.

Chairman Courage asked if Housing and Urban Development (HUD) funds were already awarded to support the solicitation. Ms. Dovalina replied that they were.

Councilmember Perry moved to forward Item 14 to the full City Council for consideration. Councilmember Treviño seconded the motion. The motion carried unanimously by those present.

15. Neighborhood Improvements Bond Program – Buena Vista Project [Neighborhood & Housing Services]

Verónica Soto stated that the solicitation was for development and construction of a rental housing development at 1409 Buena Vista in accordance with the Urban Renewal

Plan. She noted that the units would be provided to families at or below 60% of the Average Median Income (AMI). She stated that the City's contribution was the land and site preparation including environmental remediation to serve as gap financing for workforce and affordable housing. She noted that the contract was valued at \$1.8 million for a three-year term. She reviewed the scoring matrix including SBEDA subcontracting requirements and stated that local and veteran preferences were not applicable. She noted that two solicitation responses were received. She stated that staff would brief the Neighborhood Improvements Advisory Committee and the Office of Urban Redevelopment San Antonio (OUR SA) prior to City Council consideration in November 2018.

Chairman Courage asked why only two of the 460 notified vendors submitted proposals. Deputy City Manager Peter Zaroni replied that the site was smaller than those typically developed by large firms. Chairman Courage asked of proposed units and pricing. Mr. Zaroni replied that the scoring mechanism encouraged units with two or three bedrooms and the majority of units would be for families at or below 50% AMI. He added that two-bedroom units would average \$700 monthly and three-bedroom units would average \$800 monthly.

Councilmember Perry asked of the large difference between vendors for affordable housing points. Mr. Zaroni replied that the recommended firm was awarded more points based on unit affordability and partnership with a local non-profit to keep prices low. Ms. Soto added that partnerships with non-profits reduced financing gaps long-term. Councilmember Perry expressed concern that too much weight was given for the non-profit partnership and requested specific information regarding price differences between vendors. He asked that staff investigate ways to increase competition in similar solicitations.

Councilmember Treviño moved to forward Item 15 to the full City Council for consideration. Citizen Member Soto seconded the motion. The motion carried unanimously by those present.

16. Staff Briefing on SAFD Medical Supplies [Finance]

Mr. Elliott stated that the supplies in question were utilized daily by the Fire Department in ambulances, fire trucks, squad trucks, and Fire Stations. He noted that the supplies were brand-specific as approved by the Medical Director. He stated that low bid contracts were not typically reviewed by the Committee but staff wished to bring the solicitation forward due to the high level of interest within the small business community. He noted that the contract was originally offered as a package but staff chose to de-bundle it to encourage greater local, small, and minority or women-owned business participation. He stated that the original contract was de-bundled into three categories including medical supplies and the medical supplies category was de-bundled further. He noted that the solicitation included a 12% M/WBE subcontracting requirement for a value of \$4 million over a three-year term with two, 1-year renewal options. He stated that 12 bids were received and eight were deemed non-responsive for failure to meet the subcontracting requirement. He noted that staff chose to exercise the remaining renewal option on the existing contract and recommended re-issuance of the de-bundled solicitation in

February 2019. He stated that staff would conduct greater vendor outreach and education to encourage partnerships with small and local businesses and increase competition.

Councilmember Perry noted that a national bidder provided the low responsive offer on all medical supply categories and asked if staff anticipated a different result in the re-solicitation. Ben Gorzell replied that they expected increased education to result in more competitive partnerships and equal or greater cost savings. He noted that it would create additional competition when solicitations for the remaining bundles were issued. Councilmember Perry asked of veteran preference. Mr. Elliott replied that veteran preference was not applicable to low bid contracts due to State Statute. Councilmember Perry expressed support for including revisions to same in the City's Legislative Agenda.

No action was required for Item 16.

ADJOURN

There being no further discussion, Chairman Courage adjourned the meeting at 10:31 am.

ATTEST:

John Courage, Chairman

*Leticia Y. Saenz
Deputy City Clerk*