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# **CITY OF SAN ANTONIO**

## **OFFICE OF THE CITY AUDITOR**



Audit of Convention & Sports Facilities Department

Alamodome Facility Contracts

Project No. AU19-C02

July 01, 2019

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

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## Executive Summary

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As part of our annual Audit Plan approved by City Council, we conducted an audit of the Convention and Sports Facilities Department (CSF). The audit objectives, conclusions, and recommendations follow:

**Determine if the Alamodome contracts for facility services are adequately managed.**

Alamodome contracts for facility services are adequately managed.

CSF staff have developed contract administration plans which include key contractual terms and are used to monitor all 12 contracts for facility maintenance services. CSF staff have procedures in place to monitor pay and performance bonds. In addition, CSF staff is ensuring all required maintenance concerning fire sprinklers, boiler maintenance, and elevator/escalator maintenance is complete and timely. Additionally, CSF has controls to ensure unscheduled maintenance is authorized prior to commencing and capacity expenses are reasonable.

However, we did identify improvements that could be made. We recommend that the CSF Director:

- Request written deliverables from Johnson Controls Inc. (JCI) to ensure they have all necessary information to adequately monitor contract requirements. Additionally, ensure that follow-up for fire alarm discrepancies are clearly documented.
- Ensure that contractors are submitting invoices in accordance with contract requirements to include ensuring that list prices, discounts/markups, and labor rates are detailed.

CSF Management agreed with the audit findings and has developed positive action plans to address them. Management's verbatim response is in Appendix B on page 8.

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## Background

The Convention and Sports Facilities Department (CSF) oversees the operation and management of the City-owned Alamodome, which opened in May 1993. It is used for conventions, sporting events, corporate events, trade shows, and concerts.

CSF has entered into 12 facility contracts to provide preventative maintenance over equipment and systems at the Alamodome. The overall purpose is to ensure the comfort and safety of its occupants, and preserve the Alamodome for continued use. In addition to preventative maintenance, facility contracts may provide for the repair and maintenance of faulty equipment; performance of inspections; and event standby services, in which technicians standby in case of equipment malfunctions during events.

Contracts monitoring staff review contract administration tasks, including procurement, contract execution, insurance, bonds, and development of contract administration plans. Alamodome operational staff monitor the day-to-day activities of the contract including ensuring that work is completed by contractors. The table below illustrates the 12 maintenance service vendors and corresponding City expenditures.

<b>FY2018 Facilities Services Contract Expenditures</b>					
<b>Vendor Name</b>	<b>Preventative Maintenance</b>	<b>Unscheduled Maint., Event Standby, etc.</b>	<b>Total</b>	<b>Contract % Total Exp.</b>	
<b>KONE</b>	\$ 71,242	\$ 107,189	\$ 178,431	20%	
<b>Johnson Controls (Metasys)</b>	\$ 485,361	\$ 66,386	\$ 551,747	62%	
<b>Mulder</b>	\$ 12,500	\$ 61,370	\$ 73,870	8%	
<b>RCO Construction</b>		\$ 39,861	\$ 39,861	4%	
<b>Johnson Controls (Ice Sheet)</b>	\$ 10,227	\$ 8,283	\$ 18,510	2%	
<b>Dulaney Exterior Solution</b>		\$ 4,867	\$ 4,867	1%	
<b>PPG Architectural</b>			\$ -	0%	
<b>CDSI</b>		\$ 10,000	\$ 10,000	1%	
<b>ChemAqua</b>	\$ 5,492		\$ 5,492	1%	
<b>Pintura</b>		\$ 8,964	\$ 8,964	1%	
<b>A&amp;B Automatic</b>			\$ -	0%	
<b>Washing Equipment</b>		\$ 2,960	\$ 2,960	0%	
<b>Total</b>	<b>\$ 584,822</b>	<b>\$ 309,880</b>	<b>\$ 894,701</b>	<b>100%</b>	

During FY2018, CSF spent \$894 thousand on facility services for the Alamodome. Four contracts comprise 94% of the total contract expenditures. These contracts include KONE, Johnson Controls-Metasys, Mulder, and RCO Construction.

The following are services provided under these contracts:

- **KONE** provides preventative maintenance and repairs to preserve the safety and functionality of elevators and escalators for all CSF facilities, including the Alamodome.
- **Johnson Controls, Inc.** performs maintenance on the Metasys Facility Management System which controls and monitors major systems at the Alamodome such as air conditioning and pneumatic systems. Additionally, Johnson Controls provides boiler maintenance and fire alarm inspections.
- **Mulder** provides inspections and maintenance for fire sprinkler systems on an annual, quarterly, and weekly basis. Additionally, corrective repairs are provided as agreed upon between both parties.
- **RCO Construction** performs leveling, repair, and replacement of existing pavers that could create trip and fall hazards for employees and visitors.

Additional services provided by the remaining contracts include paint supplies, window washing services, scrubber/sweeper rentals, water treatment services, ice sheet chiller maintenance, concrete sealant and injections, and manual door repairs.

## Audit Scope and Methodology

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The audit scope was October 2015 through March 2019.

To establish our test criteria we reviewed the facility contracts. We also interviewed key personnel from CSF responsible for monitoring and managing facility maintenance activities. Additionally, we reviewed the CSF Contract Compliance Manual, as well as applicable administrative directives.

As part of our testing procedures we reviewed contract administration plans to determine if they existed and included key contract provisions. We reviewed the insurance and bond monitoring processes and verified that contractors held insurance consistent with contract requirements and that bonds were sufficient and current. Additionally, we reviewed to determine if contractors were appropriately licensed.

Further, we tested the timeliness, completeness, and monitoring of preventative maintenance over fire sprinklers, elevator/escalator maintenance, boiler maintenance, fire alarms testing, and the Metasys Facility Management System. We determined if unscheduled maintenance activities are authorized and payments are accurate and supported. Additionally, we reviewed capacity expenses for reasonableness. Capacity expenses are budgeted funds to allow Johnson Controls to provide additional services, if required by the City. Finally, we reviewed CSF and contractor communication for adequacy and effectiveness.

We relied on computer-processed data in SAP, the City's accounting system, to retrieve invoices and calculate expenditures. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. 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.

## Audit Results and Recommendations

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### A. Contract Monitoring

CSF has effective contract monitoring procedures to ensure facility contracts are adequately managed. We reviewed all 12 contract administration plans and determined they existed and included key contract terms. Additionally, we determined that pay and performance bonds were sufficient and current. We reviewed contractor licenses and found that the contractors held the appropriate licenses.

Additionally, we reviewed preventative maintenance for KONE, which provides elevator and escalator maintenance; Mulder, which provides fire sprinkler inspections; and boiler maintenance provided by Johnson Controls. We determined that KONE preventative maintenance is completed timely and in full for all elevators and escalators at the Alamodome. In addition, we reviewed annual, quarterly, and weekly fire sprinkler inspections and determined that Mulder is performing preventative maintenance as contracted. Finally, boiler maintenance was complete and timely. We reviewed annual, quarterly, and 4 weekly tests performed and found maintenance was complete and timely.

### Recommendation

None

### B. Johnson Controls – Metasys Facility Management System

CSF lacked sufficient monitoring procedures, communication, and support documentation related to Johnson Controls – Metasys Facility Management System (JCI) contract.

Although maintenance is occurring, JCI did not provide CSF sufficient documentation to effectively monitor the annual maintenance plan and maintenance status of equipment. Per the contract, JCI should prepare an annual maintenance schedule and present it to the Facility Coordinator at least 60 days in advance. In addition, JCI is required to provide a detailed communication plan to the Department Facility Coordinator related to information concerning the service agreement. While JCI and CSF staff have monthly meetings, documentation is not received consistently and timely. During the audit, CSF implemented a process and received appropriate documentation to monitor preventative maintenance and show that maintenance is being completed.

Additionally, JCI performed an annual fire alarm inspection in April 2018. While the fire alarm system is functioning appropriately, the audit team could not verify that 4 of the 15 discrepancies identified were resolved due to insufficient

documentation of the corrective actions. The discrepancies included issues with components of the fire alarm system, such as a speaker, not the system as a whole. The contract states that if a problem is detected during the inspection it will be immediately documented and corrected based on Premium Coverage Level service.

CSF did not have established procedures to ensure they are receiving relevant deliverables. Without relevant deliverables, CSF would be unable to determine if required maintenance for all covered equipment and systems were completed timely. Additionally, a lack of formal communication requirements with JCI could result in infrequent or inadequate communication which may result in maintenance issues going unresolved.

### **Recommendations**

The CSF Director should request written deliverables from JCI to ensure they have all necessary information to adequately monitor contract requirements. Additionally, ensure that follow-up for fire alarm discrepancies are clearly documented.

### **C. Unscheduled Maintenance Payments**

Payments to CSF contractors are approved and are consistent with the maintenance proposals, but are insufficiently supported. The JCI Metasys contract allows for a 50 percent discount on JCI parts used. Additionally, the KONE contract allows for a 25% markup on non-KONE parts.

We tested 10 invoices totaling \$29,237 from JCI and KONE. Two of 10 invoices and proposals did not breakdown the labor rates charged. Additionally, 3 of 10 invoices and proposals did not have a calculated parts markup/discount. The remaining services did not require any parts.

Per the contract general conditions, all invoices must show unit prices for each item billed, the quantity of items being billed and the total for each item, as well as the total for all items on the invoice. If prices are based on list prices, then the list prices, the percentage discount or percentage surcharge, net unit prices, extensions, and net total prices must be shown.

CSF staff are not enforcing invoice form requirements. Without invoices being in the correct form, CSF staff cannot determine if JCI and KONE are appropriately applying parts discounts and markups per the contract.

### **Recommendation**



The CSF Director should ensure that contractors are submitting invoices in accordance with contract requirements to include ensuring that list prices, discounts/markups, and labor rates are detailed.

## **Appendix A – Staff Acknowledgement**

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Baltazar Vargas, CIA, CFE, Audit Manager  
Nastasha Leach, CIA, Auditor in Charge  
Sophia Konstantinidis, Auditor  
Elizabeth Reyes, Auditor

## Appendix B – Management Response



### CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

June 13, 2019

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

RE: Management's Corrective Action Plan for Alamodome Facility Contracts

Convention & Sports Facilities has reviewed the audit report and has developed the Corrective Action Plans below corresponding to report recommendations.

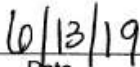
Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
1	<b>Johnson Controls – Metasys Facility Management System</b>  The CSF Director should request written deliverables from JCI to ensure they have all necessary information to adequately monitor contract requirements. Additionally, ensure that follow-up for fire alarm discrepancies are clearly documented.	4	Accept	Carisa Gamez/ Contract Manager	June 12, 2019

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p><b>Action plan:</b></p> <p>The Convention Sports Facilities (CSF) Department has reviewed the audit recommendations and has taken actions to ensure all necessary information to adequately monitor the contract requirements. At the June 12, 2019 monthly meeting with JCI, CSF requested that the Inspection and Maintenance Schedule must be received prior to August 1, 2019 to comply with section 4.3.2 of the agreement, which states "JCI shall prepare an annual schedule and present it to the Facility Coordinator at least 60 days in advance of that annual period".</p> <p>It should be noted that although there was insufficient documentation, the fire alarm speaker system was functioning appropriately and all the four discrepancies had been resolved at the time of the audit.</p> <p>Back up documentation shows the following steps were taken by the technician to resolve the discrepancies:</p> <p>Mechanical Mezzanine Quad C: transponder had a communication error. The technician repaired the wires and replaced the amplifier. All speakers on that level were tested and all passed. An email was sent to the Building Maintenance Manager and Fire Marshal to notify them of the repairs performed.</p> <p>Plaza Level Quad A: the public address (PA) system speakers were showing a communication error. The technician reset all supervisory panels (controllers for PA system) during the quarterly sprinkler inspection. The PA was disabled during inspection. After inspection the PA system was enabled, all PA systems were tested and found to be properly working.</p> <p>Field Quad A System 2 Field Level E: the tamper had an open circuit which was fixed when the loose wire was tightened in the monitor module.</p> <p>Plaza Quad C Field Speakers: This was a transposition error made by technician. Instead of typing Plaza Quad D, he typed Plaza Quad C in the maintenance report. A new wire was run between two speakers that caused the open circuit. All speakers were tested and passed.</p> <p>CSF will follow-up with JCI to ensure the technicians document discrepancies sufficiently when discrepancies are corrected.</p>				
2	<p><b>Unscheduled Maintenance Payments</b></p> <p>The CSF Director should ensure that contractors are submitting invoices in accordance with contract requirements to include ensuring that list prices, discounts/markups, and labor rates are detailed.</p>	5	Accept	Carisa Gamez/ Contract Manager	6/10/2019
	<p><b>Action plan:</b></p> <p>The Convention Sports Facilities (CSF) Department has reviewed the audit recommendation and has established procedures to ensure invoices are submitted in accordance with contract requirements to include list prices, discounts/markups, and labor rates.</p>				

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,

  
Patricia Muzquiz Cantor  
Executive Director  
Convention & Sports Facilities

  
Date

  
Carlos Contreras  
Assistant City Manager  
City Manager's Office

  
Date