

**AUDIT & ACCOUNTABILITY COUNCIL COMMITTEE
MEETING MINUTES
JANUARY 21, 2020 at 10:00 AM
MUNICIPAL PLAZA BUILDING, “B” Room**

Committee Present:	Councilmember John Courage, <i>District 9, Chair</i> Councilmember Roberto C. Treviño, <i>District 1</i> Councilmember Adriana Rocha Garcia, <i>District 4</i> Citizen Member Judy Treviño
Committee Absent:	Citizen Member Priscilla Soto
Staff Present:	Carlos Contreras, <i>Assistant City Manager</i> ; Maria Villagomez, <i>Assistant City Manager</i> ; Andy Segovia, <i>City Attorney</i> ; Ed Guzman, <i>Deputy City Attorney</i> ; Kevin Barthold, <i>City Auditor</i> ; Tina J. Flores, <i>Interim Deputy City Clerk</i> ; Ben Gorzell, <i>Chief Financial Officer</i> ; Troy Elliott, <i>Deputy Chief Financial Officer</i> ; Thomas Bartlett, <i>Deputy Director, Aviation</i> ; Mukesh Patel, <i>Chief Aviation Administration Officer</i> ; Lori Steward, <i>Director, Human Resources</i> ; Verónica R. Soto, <i>Director, Neighborhood & Housing Services</i> ; Razi Hosseini, <i>Interim Director, Transportation & Capital Improvements</i> ; Alex Lopez, <i>Interim Director, Economic Development Department</i> ; Christie Chapman, <i>Assistant Director, Transportation & Capital Improvements</i> ; Krystal Strong, <i>Assistant Director, Human Resources</i> ; Jeff Coyle, <i>Director, Government & Public Affairs</i> ; Edward Gonzales, <i>Assistant Director, Human Services Department</i> ; Shuchi Nagpal, <i>Interim Assistant Director, Economic Development Department</i> ; Noel Horan, <i>Fire Civilian Administrator, SAFD</i> ; Christine Wright, <i>State Relations Manager, Government & Public Affairs</i> ; Mark Bigler, <i>Audit Manager</i> ; Gabe Trevino, <i>Audit Manager</i> ; Lorenzo Garza, <i>Auditor</i> ; Judith Flores, <i>Auditor</i> ; Danny Zuniga, <i>Auditor</i> ; Nancy Cano, <i>Office of the City Clerk</i>
Others Present:	Ellen Berky, <i>League of Independent Voters, District 1</i> ; Stan Mitchell, <i>Vista Ridge Resolution Coalition</i>

CALL TO ORDER

Chairman Courage called the meeting to order.

1. Approval of the Minutes from the Audit & Accountability Committee Meeting on December 17, 2019.

Councilmember Rocha Garcia moved to approve the Minutes of the December 17, 2019 Audit and Accountability Council Committee Meeting. Citizen Member Soto seconded the motion. The motion carried unanimously by those present.

CONSENT AGENDA

Pre-Solicitation High Profile Items

2. **Specialized Air Conditioning Maintenance and Repair for IT Spaces** [Ben Gorzell, *Chief Financial Officer*; Craig Hopkins, *Chief Information Officer, Information Technology Services*]
3. **On-Call Professional Engineering Services for Traffic Engineering** [Roderick Sanchez, *Assistant City Manager*; Razi Hosseini, *Interim Director, Transportation & Capital Improvements*]

Post-Solicitation High Profile Items

4. **Annual Contract for Custodial Services for Parks and Recreation Facilities** [Dr. Colleen Bridger, MPH, PhD, *Assistant City Manager*; Homer Garcia III, *Interim Director, Parks and Recreation*]
5. **Summer Food Service Program** [Dr. Colleen Bridger, MPH, PhD, *Assistant City Manager*; Homer Garcia III, *Interim Director, Parks and Recreation*]

Final Internal Audit Reports

6. AU19-F07 Follow-up Audit of SAPD Park Police Operations
7. AU19-003 Audit of Aviation Security Division
8. AU19-015 Audit of SAMHD Immunization Program

Councilmember Rocha Garcia moved to approve Items 2 through 8. Citizen Member Treviño seconded the motion. The motion carried unanimously by those present.

ITEMS FOR INDIVIDUAL CONSIDERATION

Pre-Solicitation High Profile Briefings

9. **Temporary Staffing Services** [Ben Gorzell, *Chief Financial Officer*; Lori Steward, *Director, Human Resources*]

Lori Steward provided a brief solicitation overview and stated that the Human Resources (HR) Department was seeking proposals from temporary employment agencies to provide exempt and non-exempt support staff to assist City departments with short-term labor needs. She explained that “specialty” positions outside of the general administrative, clerical and office service categories would also be filled by the contractor. She noted that the current contract would expire on December 20, 2020 and the Request for Proposal (RFP) would fulfill a three-year term with two, one-year extensions estimated to be valued at \$48 million. She added that temporary staffing costs made up less than 3% of the City’s total civilian payroll budget. She cited vendor, voting

member, evaluation criteria and solicitation requirements. She provided timeline information with City Council consideration scheduled for September 2020 and a contract start date of December 2020.

Chairman Courage expressed concern about long-term temporary contracts. He asked if labor contracts had built-in timelines or if they were open-ended. Ms. Steward replied that deadlines were not built into the contracts but that longer-term contracts were looked at more closely, based on prior audit recommendations that noted lengthy temporary assignments. Chairman Courage requested a meeting with Ms. Steward to further review audit report recommendations and implementations. Ms. Steward agreed.

Councilmember Rocha Garcia requested examples of specialty positions. Ms. Steward identified IT Programmer positions, finance positions, and military deployments as examples of specialty positions.

Councilmember Treviño asked for the amount of a contractor's typical mark-up above the stated salary. Ms. Steward replied that a typical mark-up ranged from 27%-40%. Councilmember Treviño requested that the Committee conduct a more extensive review of contractor mark-ups, the amount of temporary positions, and the timely filling of positions. Chairman Courage agreed and proposed that contractors be required to bid competitively for lower mark-ups. Ms. Steward confirmed that lower mark-ups were part of the bidding process criteria. Ben Gorzell added that some positions required a specialized or challenging position to be filled within a shorter period of time.

Citizen Member Soto moved to approve Item 9. Councilmember Rocha Garcia seconded the motion upon the commitment of Andy Segovia and Mr. Gorzell to conduct an in-depth review to determine if the \$48 million budget was adjustable, to strategize on best practices for the timely fulfillment of staffing needs, and to develop a plan to reduce sizeable mark-ups, within the appropriate forum, and within a timeline parallel with the bid specification deadline. The motion carried unanimously by those present.

10. State Representation Consulting Services [Carlos Contreras, *Assistant City Manager*; Jeff Coyle, *Director, Government & Public Affairs*]

Jeff Coyle provided a brief solicitation overview and stated a Request for Quotation (RFQ) was released seeking professional state legislative representation. He stated that the selected respondents would fulfill a one-year term with two, one-year options to represent and advocate for the City leading up to and during the FY 2020 and FY 2021 Legislative Sessions. He noted that the current contract expired on September 30, 2019. He cited vendor, voting member, evaluation criteria and solicitation requirements. He provided timeline information with a City Council consideration date of June 11, 2020 and a contract start date of July 1, 2020. He noted that such a timeline would allow a six-month time period for the consultant team to work with staff to prepare the City's State Legislative Agenda in advance of the 87th State Legislature Session which would begin on January 12, 2021 and end on May 31, 2021.

Chairman Courage asked if staff reviewed the positives and negatives of retaining the same lobbying firms over multiple years, and if an open process was in place. Mr. Coyle replied that working with the same experienced teams was crucial with key issues that took several legislative sessions to resolve. He explained that performance was measured by a scorecard listing of all City Legislative Agenda Items successfully passed by the Texas Legislature which was presented to City Council at the end of each State Legislative Session. Mr. Coyle noted the last solicitation process reinforced an open process through the selection of The Texas Lobby Group as a newer addition to the legislature team.

Councilmember Rocha Garcia moved to approve Item 10. Councilmember Treviño seconded the motion. The motion carried unanimously by those present.

11. SAPD Facility [Roderick Sanchez, *Assistant City Manager*; Razi Hosseini, *Interim Director, Transportation & Capital Improvements*]

Christie Chapman provided a solicitation overview of the new SAPD Facility and explained it would be a two-story facility of approximately 23,800 square feet, with associated parking for police officers and the public located at 2020 N. St. Mary's Street. She added that the facility would house several SAPD operations and would include a small community room available to neighborhood groups or for SAPD outreach events. She stated the estimated contract value would be \$10,550,000 with a proposed completion term of June 2022. She cited vendor, voting member, evaluation criteria and solicitation requirements. She provided timeline information with a City Council consideration in August 2020 with a contract start date of August 2020.

Chairman Courage asked why the substation was being built in that location. Ms. Chapman replied that the location at 2020 N. St. Mary's street provided the required 3-acre site located within the core boundaries of the downtown area that need additional police presence and support. Mr. Hosseini added that the search for an adequate sized space within the given budget took a year to complete and that ultimately the 2019 Bond Project had to be severed into two separate locations for SAPD and Park Police.

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

Post-Solicitation High Profile Briefings

12. Terminal A Duty-Free Retail Concession [Carlos Contreras, *Assistant City Manager*; Thomas Bartlett, *Acting Director, Aviation*]

Thomas Bartlett provided a brief solicitation overview and explained that a Request for Proposal (RFP) for a Duty Free Retail Concession Space in Airport Terminal A was released on June 27, 2018. He noted that the estimated revenue for the City would be \$2 million with a proposed term of seven years with three, one-year options. He stated that passengers would be able to purchase a variety of duty free merchandise and that the retail concession would serve as a source of stabilized, non-airline revenue for the airport. He cited vendor, voting member, evaluation criteria and solicitation requirements. He provided timeline information and explained that the Office of Civil Rights of the Federal Aviation Administration (FAA) approved the Joint Venture Agreement

submitted by the successful respondent on November 12, 2019. He concluded by stating that City Council consideration was scheduled for February 2020.

Chairman Courage referenced the recommended award table and asked for an explanation of Item C, vendor compensation. Mukesh Patel stated that the existing structure was dated in appearance and required some capital investment, and that Vendor A's proposal included a larger capital investment for building updates. Troy Elliott noted that vendor compensation was based on the Minimal Annual Guarantee (MAG) that each company proposed. He explained that a MAG of 12%-15% would generate approximately \$200,000 in guaranteed revenue for the City. Chairman Courage noted that Vendor 2's MAG of 19.34 would generate \$452,000, which was twice as much as Vendor A's MAG of 8.55.

Councilmember Treviño stated that he did not feel comfortable with the selection of Vendor A's lesser compensation plan as 'the best plan' over the highest compensation plan proposed by Vendor B.

Councilmember Rocha Garcia requested the exact amounts that Vendor A proposed for capital improvements and for compensation. Mr. Patel stated he would provide the information. She asked if Item 12 could be brought back to the Committee upon further review of the requested information. Mr. Contreras agreed.

Chairman Courage noted the Committee's consensus that Item 12 was not ready for approval. Mr. Gorzell stated that Item 12 would be brought back to the Committee in February 2020.

Councilmember Treviño moved to postpone Item 12 to the February meeting to allow the Committee further time to review the additional information requested. Councilmember Rocha Garcia seconded the motion. The motion carried unanimously by those present.

13. Affordable Rental and Homeownership Housing Development [Lori Houston, Assistant City Manager; Verónica R. Soto, Director, Neighborhood and Housing Services]

Verónica R. Soto provided a brief solicitation overview and explained that two Requests for Applications (RFAs) were released on September 13, 2019 to provide gap financing for the development of affordable rental and homeownership housing units for low income households. She recommended eight rental housing development applications totaling \$10,845,000 in funding requests; and three homeownership housing applications totaling \$3,106,648 in funding requests. She stated that proposals were received on October 28, 2019 and were reviewed by the evaluation committee. She cited vendor, voting member, evaluation criteria and solicitation requirements. Ms. Soto noted that the Funding Recommendation Unit Mix of Rental Housing would create a total of 423 units, with 313 units that would serve families at or below 60% of the area median income. She added that Funding Recommendation Unit Mix of Homeownership Housing would provide 104 homeownership opportunities. Ms. Soto presented the timeline information with City Council consideration scheduled for January 30, 2020.

Chairman Courage asked if any of the developments would receive funding from the State or from the Housing Trust Corporation. Ms. Soto replied that 4% or 9% tax credit allocations would be provided for some of the developments and that some developments utilized funds from the San Antonio Housing Trust. She stated she would provide further information.

Citizen Member Treviño noted that NRP requested \$1.3 million in funding for the development of Alazan Lofts, but the funding awarded was for \$1.5 million. She requested an explanation for the difference. Lori Houston explained that by increasing the award from \$1.3 million to \$1.5 million, it allowed for the \$200,000 in fee waivers to be allocated to other affordable housing projects.

Councilmember Rocha Garcia moved to approve Item 13. Citizen Member Treviño seconded the motion. The motion carried unanimously by those present.

14. Design Services for Broadway Street from IH-35 to E. Mulberry Avenue (Upper Segment) [Roderick Sanchez, *Assistant City Manager*; Razi Hosseini, *Interim Director, Transportation & Capital Improvements*]

Christie Chapman provided a solicitation overview of the Request for Qualifications (RFQ) for engineering services. She stated the estimated contract value was \$4.1 million with an estimated design completion date of February 2021. She identified the three segmented project phases along a map of the Broadway Corridor Project and referenced a map of bike lane segments. She cited vendor, due diligence results, evaluation criteria and solicitation requirements. She provided timeline information with City Council consideration scheduled for March 2020 with an estimated design completion of August 2020.

Chairman Courage noted that the subcontracting goal for African American Business Enterprise (AABE) comprised only 1% of \$4.1 million recommended award. Ms. Chapman replied that subcontracts for the landscaping or utilities design was based on the availability of AABE consultants located within the design area.

Councilmember Treviño moved to approve Item 14. Councilmember Rocha Garcia seconded the motion. The motion carried unanimously by those present.

Final Internal Audit Reports to be discussed

15. AU19-014 Audit of SAFD Personal Protective Equipment

Kevin Barthold stated that an audit of the SAFD Personal Protective Equipment (PPE) was conducted from October 2017 through May 2019 for the PPE of each of the approximately 1,300 active SAFD Firefighters. The scope of the audit examined the purchase, inventory, maintenance and inspection of the PPE. He noted that results of the audit determined the PPE to be properly managed and accounted for and that SAFD had a good inventory process in place. He noted that the majority of the \$11,000 of PPE issued to each Firefighter was custom-fitted and contained individual serial numbers tracked and assigned to each Firefighter. He cited the following areas of improvement recommended by the audit:

- Tracking of equipment in the field was found to be lacking or inconsistent

- Tracking of specialized equipment with expiration dates was needed
- A cost benefit analysis of damaged PPE or bunker gear was needed to ensure that the cost of a repair did not exceed replacement cost
- Annual safety inspections of face masks and five-year safety inspections of air cylinders was needed

Mr. Barthold reported that an audit sampling found that 16% of face masks were not inspected annually and that 31% of air cylinders were not inspected timely or lacked inspection tags. He concluded his report by stating that SAFD staff worked extensively on the audit and had addressed all the stated issues with corrective action plans.

Chairman Courage asked if any Firefighters had reported any equipment problems that could be attributed to lack of proper equipment inspection. Noel Horan replied that no such problems had been reported. Maria Villagomez added that the Information Technology Services Department was in the process of developing a new system to replace SAFD's current spreadsheet system. She stated that the new system would better track equipment in the field and would be fully deployed by June 2020.

Councilmember Rocha Garcia requested audit information for other SAFD equipment and asked if equipment functionality was regularly assessed. Mr. Gorzell stated he would provide audit information for other SAFD equipment. Mr. Horan replied that the State held equipment inspections every three years to determine if State standards were met.

Citizen Member Treviño moved to approve Item 15. Councilmember Treviño seconded the motion. The motion carried unanimously by those present.

Executive Session

Chairman Courage recessed the meeting into Executive Session at 11:42 a.m.

16. Deliberate the appointment, evaluation, and duties of the City Auditor and discuss legal issues pursuant to Texas Government Code Section 551.074 (personnel matters) and Texas Government Code Section 551.071 (consultation with attorney).

Chairman Courage reconvened the meeting at 12:01 p.m. and announced that no action was taken.

Public Comment

Ellen Berky stated that Councilmembers would benefit from public comment at the beginning of their meetings to allow Councilmembers time to consider the public comments in their deliberations and when proposing future agenda items. She observed citizen members to be absent at council committee meetings when important public policy was considered. She noted that the consideration of an independent audit of the \$3.4 billion Vista Ridge Water Project was not on the Audit and Accountability Council Committee Agenda for January after the request of four citizens who provided public comment on the matter at the November and December meetings.

Stan Mitchell urged the Audit and Accountability Council Committee to recommend an independent audit of the \$3.4 billion Vista Ridge Water Project. He requested that the Committee move forward with a recommendation of an independent audit to City Council.

Consideration of Items for Future Meetings

Next scheduled meeting date: February 18, 2020.

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