

**AUDIT & ACCOUNTABILITY COUNCIL COMMITTEE
MEETING MINUTES
APRIL 20, 2021 at 10:00 AM
VIDEOCONFERENCE**

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| Committee Present: | Councilmember John Courage, <i>District 9, Chair</i> Councilmember Clayton Perry, <i>District 10</i> Citizen Member Judy Treviño Citizen Member Priscilla Soto |
| Committee Absent: | Councilmember Ana Sandoval, <i>District 7</i> |
| Staff Present: | Erik Walsh, <i>City Manager</i> ; Alex Lopez, <i>Assistant City Manager</i> ; Jeff Coyle, <i>Assistant City Manager</i> ; Andy Segovia, <i>City Attorney</i> ; Ray Rodriguez, <i>Deputy City Attorney</i> ; Tina J. Flores, <i>City Clerk</i> ; Kevin Barthold, <i>City Auditor</i> ; Ben Gorzell, <i>Chief Financial Officer</i> ; Troy Elliott, <i>Deputy Chief Financial Officer</i> ; Dr. Colleen Bridger, <i>City Manager's Office</i> ; Razi Hosseini, <i>Director, Public Works</i> ; Michael Garnier, <i>Chief Budget and Administration Officer, Aviation Department</i> ; Rick Riley, <i>Assistant Director, SAPD</i> ; Renee Frieda, <i>Interim Director, Human Resources</i> ; Krystal Strong, <i>Assistant Director, Human Resources</i> ; Melanie Keeton, <i>Assistant Finance Director</i> ; Victoria Roeder, <i>Controller, Finance Department</i> ; Michael Sindon, <i>Assistant Director, Economic Development Department</i> ; Patricia Muzquiz Cantor, <i>Director, Convention & Sports Facility Department</i> ; Veronica Soto, <i>Director, Neighborhood and Housing Services Department</i> ; Edward Gonzales, <i>Assistant Director, Neighborhood and Housing Services Department</i> ; Josephine Valencia, <i>Assistant Director, Solid Waste Management Department</i> ; Deborah Klein, <i>Deputy City Attorney</i> ; Aurora Perkins, <i>Deputy City Clerk</i> ; Christie Chapman, <i>Assistant Director, Public Works Department</i> ; John Jacks, <i>Director, Center City Development & Operations</i> ; Craig Hopkins, <i>Chief Information Officer</i> ; John Rodriguez, <i>Assistant Director, Information Technology Services Department</i> ; Gabriel Trevino, <i>City Auditor's Office</i> ; Ellen Spitsen, <i>Metropolitan Health District</i> ; Victoria Shum, <i>City Attorney's Office</i> ; Holly Williams, <i>City Auditor's Office</i> ; Michelle Vigil, <i>Government & Public Affairs</i> ; Lauron Fischer, <i>City Manager's Office</i> |
| Others Present: | None |

CALL TO ORDER

Chairman Courage called the meeting to order at 10:06 am.

- 1. Approval of minutes from the Audit and Accountability Committee meeting on March 16, 2021.**

Councilmember Courage moved to approve the Minutes of the March 16, 2021 Audit and Accountability Council Committee Meeting. Citizen Member Treviño seconded the motion. The motion carried unanimously by those present.

Public Comment

Stanley Mitchell spoke in opposition of Item 5. He quoted a paragraph from Ordinance 75686, Section 32 regarding the role of the City Attorney. He requested that the City Clerk record the letters that were sent to Chairman Courage and City Clerk Flores based on the presentation. He stated that the first amendment gave the right to address and petition the government.

Councilmember Perry arrived to meeting at this time.

CONSENT AGENDA

Pre-Solicitation High Profile Items

2. Annual Contract for Elevator & Escalator Prevention Maintenance, Inspection, and Repair Services [Jeff Coyle, Assistant City Manager; Jesus Saenz, Director, Aviation]
3. On-Call Environmental Abatement (Asbestos, Lead, Mold & Industrial Waste) [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works]

Post-Solicitation High Profile Items

4. Adolescent behavioral health counseling for the San Antonio Metropolitan Health District's Project WORTH program [Colleen Bridger, MPH, PhD, Assistant City Manager; Jennifer Herriott, MPH, Assistant Director, Health]

Final Internal Audit Reports

5. AU19-F04 Follow-Up Audit of City Attorney's Office Outside Legal Counsel Billings
6. AU19-C01 Audit of Center City Development Department Centro San Antonio Contract
7. AU20-022 Audit of Neighborhood and Housing Services Under One Roof Program

Citizen Member Treviño moved to approve Items 2-7. Councilmember Perry seconded the motion. The motion carried unanimously by those present.

ITEMS FOR INDIVIDUAL CONSIDERATION

8. Second and final extension of independent audit services contract [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Troy Elliott stated that the results for the Fiscal Year 2020 Audit was the fourth audit conducted under the current audit contract. He noted that an extension remained on the audit contract and the Committee

would decide whether to move it to the full City Council for consideration. He introduced Melanie Keeton, Assistant Finance Director, who briefed the Committee on the terms and conditions of the audit contract.

Ms. Keeton presented on the external audit services, communication, history, and fees associated with the audit contract. She noted that it would be the second and final extension of the contract for Fiscal Year 2021. She stated that the recommendation was to approve the second and final contract extension with BKD, LLP for Fiscal Year 2021 and amend the amount not to exceed \$1,114,000.

Councilmember Courage stated that an increase in fees to the contract was anticipated due to the large number of audits that would be performed. He noted that the additional audits were required due to the funding that was received for Federal programs.

Citizen Member Treviño moved to approve Item 8. Councilmember Perry seconded the motion. The motion carried unanimously by those present.

Pre-Solicitation High Profile Briefings

9. Municipal Commercial Garbage Collection, Disposal and Recycling Services [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Troy Elliott briefed the Committee Members on the Request for Proposal (RFP) for the pre-solicitation for Municipal Commercial Garbage Collection, Disposal, and Recycling Services. He stated that commercial services would provide refuse collection, disposal, and recycling at City facilities. He noted that the RFP term was for two years with a one-year renewal option for an estimated cost of \$3.6 million. He provided an overview of the specifications under the current contract. He recommended a change from a revenue contract to an expense contract to allow revenue received from recyclables to be placed back into the fee for renewal, pickup and hauling of the containers. He outlined the projected timeline for the RFP which included the proposed outreach for vendors and the evaluation requirements.

Councilmember Courage asked how the new contract would affect the efficiency and cost to the City. Mr. Elliott stated that there was a large administrative cost under the current contract. He mentioned that City Staff monitored the bills and conducted audits to determine the quantity of paper and glass recycled per department. He noted that the information from the audit set a base that determined the shared revenue throughout the year. He explained that with the new contract City Staff would no longer monitor bills or conduct audits. He stated that a reduced price was expected since the company would be keeping the revenue from the recycled items.

Councilmember Perry asked if the cost would increase and if there would be a loss in revenue from recycling. Mr. Elliott stated that the costs were similar to the current contract, but there would be a savings because City staff would not have to monitor recycling or conduct annual audits. He noted that revenue for the City was minimal under the current contract. Councilmember Perry questioned why the new contract was not for a longer term. Mr. Elliott stated that with a long term contract the City could lose out on revenue if the economy changed. He noted that the Committee could request a change to the contract terms. Ben Gorzell stated that the reason for a shorter-term contract was that if commodities and recycling prices changed the City could then pursue a revenue type contract. Councilmember Perry stated

that he would like to see a longer-term contract with option years. The Committee directed staff to change the terms of the contract to three years with two, one-year renewal options.

No action was required for Item 9.

Post-Solicitation High Profile Briefings

10. Financial Advisor Services [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Troy Elliott presented on the post-solicitation for a Request for Proposal (RFP) for Financial Advisor Services. He reported that the RFP's estimated value was \$2.5 million but was contingent on the type and amount of bond issuance. He noted that the proposed term of the contract was three years with one, two-year option to renew. He outlined the initial evaluation, final evaluation, and due diligence process for the RFP. He stated that two vendors were selected to be awarded the contract as the City's financial advisors for the next five years.

Councilmember Courage asked if the final two vendors had previously provided financial advisory services to the City and if they would be investing bonds. Mr. Elliott stated that the two vendors had previously provided financial advisory services and would not be investing bonds but would provide their services for 2022 programs.

Councilmember Perry moved to recommend and forward Item 10 to City Council for consideration. Citizen Member Treviño seconded the motion. The motion carried unanimously by those present.

EXECUTIVE SESSION

Chairman Courage recessed the meeting at 10:53 am to convene into Executive Session to discuss the following:

- 11. Deliberate the following Information Technology Services Department security audit pursuant to Texas Government Code Section 551.076, deliberation regarding security devices or security audits:**
 - AU20-019 Audit of ITSD Email Security
- 12. 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).**

RECONVENED

Chairman Courage reconvened the meeting at 11:31 am and announced that no action was taken in Executive Session.

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

Adjourn

There being no further discussion, Chairman Courage adjourned the meeting at 11:33 am.

John Courage, Chairman

Aurora Perkins, Office of the City Clerk

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